Report Number 110

Rhode Island Five Year Strategic Housing Plan: 2006-2010

Five Thousand in Five Years

State Guide Plan Element 423

June 2006

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Abstract

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Abstract: Adopted by the State Planning Council on June 8, 2006 as an element of the State Guide Plan, the Rhode Island Five Year Strategic Housing Plan presents a consensus-based vision for meeting the housing needs of Rhode Island's citizens. Faced with an affordability gap that continues to widen and affect more households, the General Assembly passed the "Comprehensive Housing Production and Rehabilitation Act of 2004." This law requires the Rhode Island Housing Resources Commission to develop, and the State Planning Council to adopt a strategic plan for housing that quantifies housing needs, identifies implementation strategies to address these needs, and provides guidelines for higher density residential development.

Rhode Island Five Year Strategic Housing Plan: 2006-2010

Five Thousand in Five Years

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Rhode Island Housing Resources Commission

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United Way of Rhode Island
Rhode Island Housing Resources Commission
Rhode Island Housing and Mortgage Finance Corporation

Adopted as State Guide Plan Element 423 by:
The State Planning Council
June 2006

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Preface

The **Rhode Island Five Year Strategic Housing Plan** is the result of a concerted effort by the state's key housing agencies to develop a consensus-based vision for meeting the housing needs of Rhode Island's citizens. Faced with an affordability gap that continues to widen and affect more households, the General Assembly passed the "Comprehensive Housing Production and Rehabilitation Act of 2004." This law requires the Rhode Island Housing Resources Commission to develop a strategic plan for housing that quantifies housing needs, identifies implementation strategies to address these needs, and provides guidelines for higher density residential development.

The process for developing this Plan was led by the Housing Resources Commission, and involved a working group which met monthly to provide input on the most appropriate strategies for addressing housing needs in Rhode Island. The working group included numerous housing interest groups ranging from public agencies to housing advocates to private and non-profit development entities. Preparation of the plan was assisted by a consultant team of Abt Associates, Inc. of Boston, MA, and Barbara Sokoloff Associates of Warwick, RI. Support for the development of the Plan was provided by grants from the Rhode Island Foundation, the United Way of Rhode Island, the Rhode Island Housing and Mortgage Finance Corporation, and the Rhode Island Housing Resources Commission.

Review and adoption of the plan as an element of the State Guide Plan was performed by the Rhode Island Statewide Planning Program. Upon its approval of the plan in January 2006, the Housing Resources Commission forwarded the document to the State Planning Council for consideration of adoption as an element of the State Guide Plan. The Council's adoption process provided technical review, public comment and further revision to the plan prior to its adoption by the State Planning Council. The Plan was adopted by the State Planning Council on June 8, 2006 as Element 423 of the State Guide Plan, following two public hearings held in April 2006.

The Five Year Strategic Housing Plan includes an analysis of housing needs in Rhode Island, a projected affordable housing production and preservation goal for the period 2006 through 2010, a detailed set of strategies for addressing the identified housing needs, and an Action Plan that sets forth specific actions, tasks, responsible lead parties and timeframes for implementation.

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NOTE: The numbers used throughout this document reflect the most up-to-date figures available during the study period (Summer 2005). Given the dynamic nature of the housing market in Rhode Island, these numbers will continue to change at each reporting period. While the variance in demographic and housing trends from period to period does not impact the broad objectives recommended in this Strategic Plan, periodic updates and evaluation of its strategies and recommended actions is recommended.

EXECUTIVE SUMMARY

Adopted by the State Planning Council on June 8, 2006 as an element of the State Guide Plan, the **Rhode Island Five Year Strategic Housing Plan** is the result of a concerted effort by the state's key housing agencies to develop a consensus-based vision for meeting the housing needs of Rhode Island's citizens. Faced with an affordability gap that continues to widen and affect more households, the General Assembly passed the "Comprehensive Housing Production and Rehabilitation Act of 2004." This law requires the Rhode Island Housing Resources Commission to develop a strategic plan for housing that quantifies housing needs, identifies implementation strategies to address these needs, and provides guidelines for higher density residential development.

VISION STATEMENT: Every Rhode Island household be provided the opportunity of quality housing choice and affordability in strong communities that are the foundation of the state's economic well-being.

The process for developing this Plan was led by the Housing Resources Commission, and involved numerous housing interest groups ranging from public agencies to housing advocates to private and non-profit development entities. All are keenly aware of the housing crisis in Rhode Island and a consensus supports the recommendations in the Plan. Upon its approval of the plan in January 2006,, the Housing Resources Commission forwarded the document to the State Planning Council for consideration of adoption as an element of the State Guide Plan. The Council's adoption process provided technical review, public comment and further revision to the plan prior to its adoption by the State Planning Council.

The Five Year Strategic Housing Plan includes an analysis of housing needs in Rhode Island, a projected affordable housing production and preservation goal for the next five years, a detailed set of strategies for addressing the identified housing needs, and an Action Plan that sets forth specific actions, tasks, responsible lead parties and timeframes for implementation.

The plan is detailed but the message is clear: Rhode Island must build more housing in general, 5,000 affordable units specifically, and build in higher densities to preserve the state's unique features of compact settlement patterns surrounded by farmland and forests.

To guide the development of the Five Year Strategic Housing Plan, a working group met monthly to learn about best practices from around the country; review Rhode Island's population, economic and development trends; and provide input on the

most appropriate strategies for addressing housing needs in Rhode Island. This group developed the following principles to guide their input in the Plan and to reflect the impact that housing has on quality of life, building strong communities, supporting economic development, and ensuring access to safe, healthy and affordable housing for those most in need.

Guiding Principles for the Plan

PRESERVE ASSETS

Preserve the character of Rhode Island's communities, open space and natural resources by promoting compact development in growth centers, towns and villages.

MINIMIZE COSTS

Address the escalating cost of housing by reducing regulatory barriers and increasing density, where appropriate, and maximizing the use of existing infrastructure.

PROMOTE ECONOMIC DEVELOPMENT

Support the workforce by providing housing at all price points for workers. This includes developing new housing as well as preserving existing housing resources. Relate the location of housing to jobs In a manner that supports the state's transportation system.

ENCOURAGE DIVERSITY

Encourage the development of economically and racially diverse and accessible communities to provide geographic opportunity to households at all income levels.

TARGET POPULATIONS

Focus the strategic plan and the state's resources for the next five years on safe, healthy, and affordable housing for families, small households, the homeless, and the disabled based on population projections.

Rhode Island's Housing Crisis

Rhode Island is the smallest and one of the most densely populated states in the country. Its population is slowly increasing but its level of housing production to support this growth ranks last in the nation. These factors, coupled with higher land costs and increasingly difficult development challenges, are widening the

affordability gap. After examination of demographic trends and available housing resources, key highlights of the state's housing crisis include:

- The greatest need for new affordable housing in the next five years is rental units for small households with fewer than five members. The rapid increase in elderly households will not start until 2010.

- The affordability gap widens dramatically every year. While housing prices have more than doubled in the past five years, household incomes have increased by only 11 percent.

- The widening affordability gap has led to increasing numbers of households with high housing cost burdens. In 2000, Rhode Island ranked 9th in the percentage of households (12.5 percent) paying more than 50 percent of their income for housing.

- Rhode Island's housing production rate continues to decline. To produce housing to support the R.I. Department of Labor and Training's projected growth in jobs over the next five years, the state would have to double its current production rate.

In total, 5,000 new affordable housing units need to be produced in the next five years in Rhode Island. This is approximately four times the number of affordable units that can be produced over this same time period with existing resources.

What are the implications for the number of new affordable housing units needed in Rhode Island over the next five years? To meet the state's **goal* of at least 10 percent affordable housing in each community,** the state must substantially increase its production of affordable units. A conservative estimate of need assumes that 25 percent of the current deficit of 12,833 affordable units (based on the 10 percent goal) can be addressed, in addition to 10 percent of new units produced during this time period. An additional 412 new units are needed to provide permanent housing for homeless families and persons with disabilities. In total, 5,000 new affordable housing units need to be produced in the next five years in Rhode Island. This is approximately four times the number of affordable units that can be produced over this same time period with existing resources. **Even at this increased pace, the state is not expected to reach its goal of 10 percent affordable housing in each Rhode Island community for another 20 years.** Each day that Rhode Island delays increasing its affordable housing production, it loses ground—unit by unit—on its 10 percent affordable housing goal, as well as its larger affordable housing need.

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* As adopted in the Low and Moderate Income Housing Act (RIGL 45-53) – See Appendix. A.

Recommended Strategies

There is no 'silver bullet' for solving the state's housing crisis. It will require the coordinated and simultaneous implementation of a wide range of strategies that include increasing funding, training and technical assistance at the community-level, providing incentives and tools for increasing density and promoting affordable housing, and preserving at-risk existing affordable housing stock. Not all strategies are appropriate for every municipality; a 'one-size-fits-all' approach will not work for the state's diverse communities. The goal is to adapt the tools to the specific conditions in each city, town and village.

The highest priority strategies include the following:

- **Substantially increase state funding** to assist communities in addressing their local housing needs. This includes passing a $75 million bond authorization; identifying an ongoing, permanent source of funding for the state's Housing and Conservation Trust Fund; and providing an annual appropriation for the existing Neighborhood Opportunities Program (NOP).
- **Support local community planning efforts to address their housing needs** with resources and technical assistance and require all communities (as opposed to the current requirement for 29 communities) to **report annually on progress being made against their plans.**
- **Increase densities through a toolkit of programs and technical assistance** that can be tailored to the specific and unique needs of every community. Priority tools focus on compact development, mixed-used development, and inclusionary zoning,. Work with communities to increase density in the right places.
- **Assist with removing barriers to affordable housing** by making planning grants to implement zoning changes leading to increased densities; where appropriate, streamlining the state and local development review process; using excess state-owned land for affordable housing; exempting affordable housing units from impact fees and building caps; and improving the reporting detail and accuracy on building permits.

The top priorities support increasing affordable housing production and providing incentives and tools to localities to implement their affordable housing plans. Development guidelines have been included in the appendix to assist local communities in developing and adopting effective local ordinances that increase affordable housing while at the same time making efficient use of resources and land. Successfully meeting the goal of "**5,000 units in five years**" will require higher densities, proper siting of affordable housing, and changes in zoning.

Conclusion

The success of this Five Year Strategic Housing Plan—and the ability to produce 5,000 new affordable units in the next five years—requires **action**, **constant focus and updating**, and **leadership**. The housing challenges facing Rhode Island are great, but not insurmountable over time. The price for not doing anything to eliminate barriers to housing production and to close the affordability gap is far more costly. Leadership at both the state and local levels—and in the public, non-profit, and private sectors—is essential to address the growing housing needs in Rhode Island. Finally, housing needs and housing markets are dynamic. This strategic plan should be updated on a recurring basis to reflect shifting population and economic trends, as well as the effectiveness of these strategies in addressing Rhode Island's housing needs.

DEFINING THE HOUSING NEED

Housing is a critical component of the quality of life in our communities. It provides shelter and safety; it is typically the biggest asset most families have; and it is the cornerstone of strong communities. But for a growing number of Rhode Island households, quality affordable housing[1] is out of reach. As many as one in three households are burdened with housing costs that exceed more than 30 percent of their income. There is an ever-widening gap between the need for affordable housing and the number of new affordable units being produced.

But the challenge is not just one of affordability, it is also one of housing production in general. On a national level, Rhode Island ranks last among all states in housing production. Current production levels—which have substantially declined over the past few decades—are not keeping pace with projected job growth, thus impacting the state's future economic health.

The plan is detailed but the message is clear: Rhode Island must build more housing in general, 5,000 affordable units specifically, and build in higher densities to preserve the state's unique features of compact settlement patterns surrounded by farmland and forests.

This plan seeks to address Rhode Island's housing crisis by identifying housing needs for the next five years and recommending specific strategies for addressing these needs. The plan is detailed but the message is clear: Rhode Island must build more housing in general, 5,000 affordable units specifically, and build in higher densities to preserve the state's unique features of compact settlement patterns surrounded by farmland and forests. This will require more resources and more thoughtful utilization of the state's land.

This section of the plan describes the current housing crisis in Rhode Island by analyzing population growth and demographic changes, existing housing conditions, and recent development trends. Based on this analysis, projected affordable housing needs for the next five years are outlined.

Terminology

Before getting into a detailed analysis of Rhode Island's housing needs it is important that some basic terms be understood and applied uniformly. The following definitions are based on or drawn from either applicable Rhode Island law , Census Bureau definitions, or Land Use: 2025:

Affordable Housing: (excerpts RIGL 42-128-8.1(d)(1)) Residential housing that has a sales price or rental amount that is within the means of a household that is of moderate income or less.

For dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes, and insurance constitute no more than 30% of gross annual household income for a household with less than 120% of area median income, adjusted for family size.

For rental units, housing for which the rent, heat, and utilities (other than telephone) constitute no more than 30% of gross annual income for a household with 80% of area median income adjusted for family size.

Note: RI Housing is in the process of constructing a spreadsheet-based calculator that will determine what the allowable purchase price will be according to household income and unit size and location. HUD fair market rents are available annually for each HUD region.

Household: A household includes all of the people who occupy a housing unit. Therefore, a household includes related family members and any unrelated people, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

The primary difference between a household and a **family** (or family household) is that a household may consist of a single individual but a family (family household) must consist of two or more related individuals living in the same housing unit who are related by birth, marriage, or adoption. (A family household may contain people not related to the head of household but those people are not included as part of the family.)

Housing unit: A housing unit may be a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have direct access from outside the building or through a common hall.

Median Income: The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households or families including those with no income. The median for individuals is based on

individuals 15 years and over with income. This measure is rounded to the nearest whole dollar.

Centers: Dynamic and efficient centers for development that have a core of commercial and community services, residential development, and natural and built landmarks and boundaries that provide a sense of place. Also know as Growth Centers, these areas may be existing or conceptual. They will share the common characteristic of compact development.

Urban Services Boundary: Areas delineated on the Future Land Use 2025 Map of the State Land Use Polices and Plan within which public services supporting urban development presently exist or are likely to be provided through 2025. This higher level of public services can sustain more intensive development.

Population Projections

Projecting how Rhode Island's population will grow in the future—and the demographic characteristics of that growth—is key to establishing housing need. While the state's population continues to grow from decade to decade, the pace of this growth is slowing. To ensure that Rhode Island can continue to grow and benefit from economic opportunities associated with such growth, the provision of quality housing for both existing and future residents is essential.

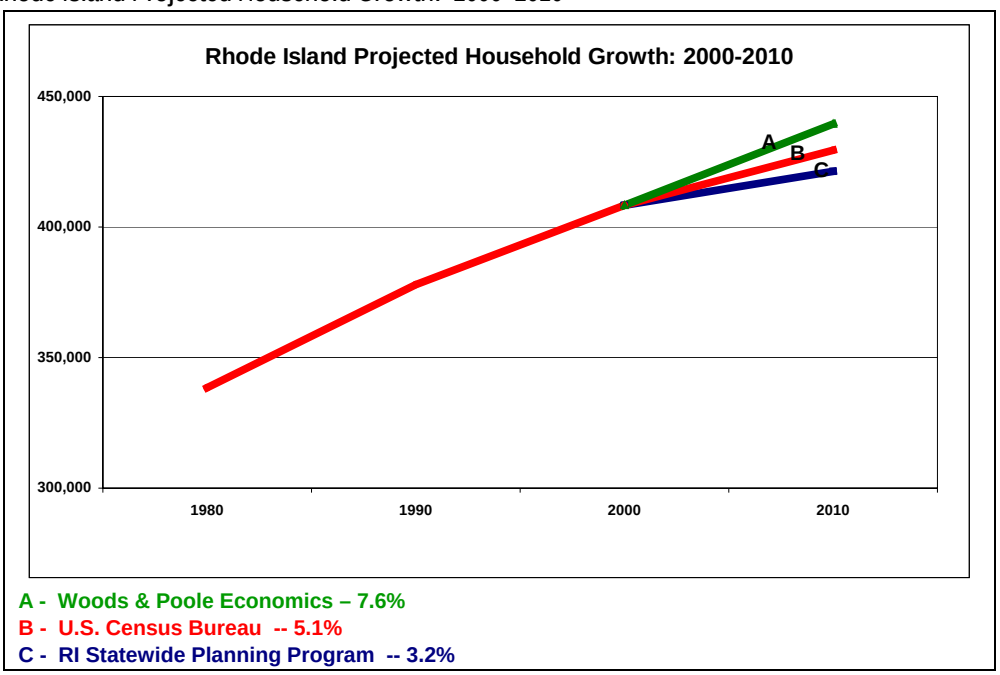
Three different population projection sources were utilized to provide a low, medium and high estimate of Rhode Island's projected growth in number of households. These include:

- Rhode Island Statewide Planning Program[2] *(low growth)*
- U.S. Census Bureau *(medium growth)*
- Woods and Poole Economics[3] *(high growth)*

As illustrated in Figure 1, while Rhode Island continues to grow, the growth rate has been declining over the decades. Total households grew 11.6 percent from 1980 to 1990; 8.1 percent from 1990 to 2000; and growth for the current decade—from 2000 to 2010—is projected at a low of 3.2 percent and a high of 7.6 percent. If actual household growth to date[4] (from 2000 to 2003) is extrapolated to 2010, the state would be growing at approximately 4.0 percent, a level between the low (3.2%) and the medium (5.1%) growth projections.

Figure 1

Rhode Island Projected Household Growth: 2000–2010



What are the characteristics of this household growth and what impact do these characteristics have on housing need?

- Household size has been consistently declining for the past three decades, both locally and nationally. Rhode Island's household size (2.47) is smaller than the national average (2.59), due in part to the higher percentage of older persons. *This suggests a need for units for smaller households and families (defined as two to four related or unrelated persons living together).*

- The greatest population increase during the next five years will occur in the 45 to 64 year age group, which includes the "empty nester" cohort. *This will continue to be reflected in the State's low number of persons per household.*

- The elderly population (age 65 and over) will slowly increase during the next five years. However, the real growth in this age group is expected to start in 2010. *This suggests focusing state resources more on non-elderly housing production during the next five years.*

- Much of Rhode Island's recent growth is attributable to an increase in international immigration. New immigrants are moving to the more urban areas, particularly Providence, Central Falls and Pawtucket.[5] *This may reinforce faster growth patterns in the more urban areas of the state.*

- The number of school-aged children (5–17) is projected to increase by 4.9 percent between 2000 and 2010. However, public school enrollment is projected to decline by 2.5 percent.[6] *While the causes of the enrollment decline are unclear, if local education costs in turn decline, this may help mitigate the impact of new housing production on local finances.*

Housing Production Needs

As shown in Table 1, to accommodate this growth in households, Rhode Island will need to produce between 17,000 (low) and 35,500 (high) new housing units between 2000 and 2010. The projected number of new housing units needed exceeds the projected household growth to allow for adequate vacancy rates. Nationally, 'healthy vacancy rates' are defined as 6 percent for rental units and 2 percent for for-sale units.[7] Rhode Island's current ratio of owners to renters (60/40) was assumed to continue during the next five years.

Table 1
Rhode Island Projected Overall Housing Production Needs: 2000-2010

	Low	*Medium*	*High*
PROJECTED NEW HOUSING NEEDS: 2000-2010			
Total 2010 Households	421,438	429,330	439,360
2000 Households		408,424	
Total New Households in 2010	13,014	20,906	30,936
Total Production Needed for New Households			
Rental (40 percent of total stock; 6 percent vacancy)	5,518	8,864	13,117
Ownership (60 percent of total stock; 2 percent vacancy)*	11,397	16,227	22,365
Total New Housing Units Needed	16,915	25,091	35,482

*These figures also include providing additional ownership units to create a healthy vacancy rate in the existing stock (an increase from 0.6 percent to 2.0 percent vacancy rate).

In addition to estimating housing need based on population growth, others have estimated housing needs based on economic factors such as increases in jobs. Rhode Island Department of Labor and Training projects a net increase of 58,000 jobs between 2002 and 2012 (an 11.5 percent increase). Prorated to 2010, these new jobs would translate to a need for approximately 32,500 new homes.[8] This estimate is more in line with the 'high' housing need estimate. **It is important to note that this Five Year Housing Plan is based on the 'medium' growth projection which more accurately reflects both household and job growth in recent years.**

Recent Development Trends

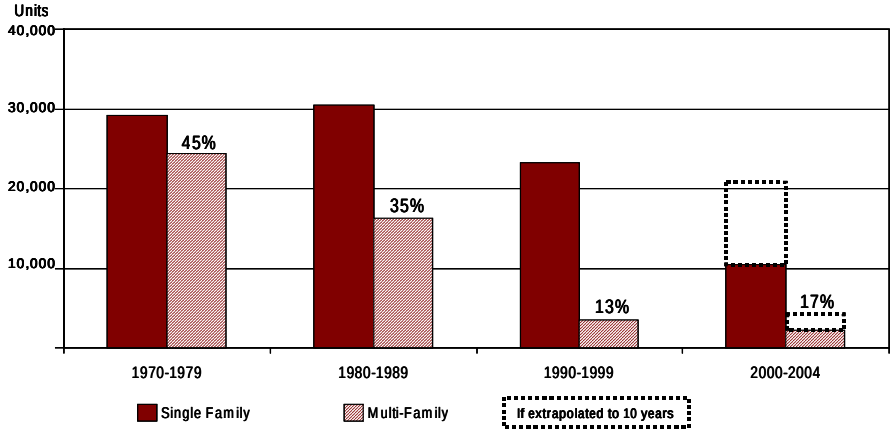
Can Rhode Island meet the housing needs of its growing population? According to a recent U.S. Census Bureau report, Rhode Island ranks last among the nation's 50 states in housing production. Between April 2000 and July 2004, the number of housing units in Rhode Island grew only 1.5 percent compared to the national average of 5.8 percent.[9]

According to a recent U.S. Census Bureau report, Rhode Island ranks last among the nation's 50 states in housing production.

An analysis of building permit data indicates that Rhode Island's housing production over the past several decades has been significantly declining. From a high of 53,577 units built during the 1970's, the state produced only half that number of units during the 1990's. Public programs, such as urban renewal, and institutional expansion projects have also adversely affected the supply of housing, particularly multi-family housing in urban areas, in the past (extending back to the 1960s). In some cases, these subtractions from housing supply have never been fully replaced in the local area. Without any interventions or incentives from the public sector, this trend in decreased production is likely to continue. As illustrated in Figure 2, there has historically been a significant decline in the percentage of multi-family units that are produced. The slight increase in multi-family units in the past five years is likely an indicator of the impact of rising land costs and a recent focus on the rehabilitation of mill buildings.[10] It should be noted that the majority of single-family units are typically a for-sale product, suggesting that current development trends favor ownership over rental units.

What does this level of housing production mean for addressing Rhode Island's housing needs in the next five years? First, current production levels of approximately 2,500 units per year must continue at this pace to meet the housing needs in the 'medium' growth scenario. But this level of production does little to catch up with the backlog of affordable housing needs.

Figure 2
Rhode Island Housing Production



Source: U.S. Census Bureau

To accommodate Rhode Island's projected job growth housing must be produced to meet the 'high' need estimate of approximately 23,000 new units over the next five years. This level of production would also help to balance housing supply and demand in the state. As indicated in Table 2, this will require almost doubling current production levels, at a time when residential development in general is becoming increasingly difficult and more expensive.

Table 2
2006-2010 Overall Housing Production Needsvs.
Current Production Levels
(Plan Recommendations are based on Medium Need Estimate)

PROJECTION OF OVERALL NEED	*Low*	*Medium*	*High*
Total New Housing Units Needed 2000-2010	16,915	25,091	35,482
Units Developed 2001-2005*		12,630	
Production Needs 2006-2010	4,285	12,461	22,852
Percent of current production rate	*34%*	*99%*	*181%*

*Based on 2000-2004 building permit data

Rhode Island's Affordable Housing Stock

Of Rhode Island's total housing stock, approximately 8 percent qualifies as low- and moderate-income housing.[11] As illustrated in Table 3, the majority of the existing affordable housing is not available to families with children and is designated for elderly (and disabled) occupancy. On a geographic basis, the affordable units tend to be located in the more urban communities[12] where 10.3 percent of the total stock is affordable, as compared to the suburban areas where only 4.9 percent of the

existing stock is affordable. In recent years, affordable housing production has focused on the urban areas.[13]

Table 3
Low- and Moderate-Income Housing Stock

	Elderly (Disabled)	Family	Special Needs	Total
Public Housing	6,333	3,741		10,074
Rhode Island Housing*	10,001	6,724		16,725
Sec 202+811	2,126		231	2,357
Project-based Section 8	559	2,024		2,583
Rural HS 515		52		52
Group Home Beds			2,051	2,051
Transitional Units			775	775
Total Low/Mod Housing	19,019	12,541	3,057	34,617
Total Housing Units				425,610
Percent Low/Mod of Total Stock				*8.1%*

*Includes LIHTC/HOME/State rental assistance program
Note: There are an additional 9,500 tenant-based vouchers in the state
Source: HUD and Rhode Island Housing (updated 2004)

In assessing affordable housing availability and need, it is useful to consider how the 5,000 unit goal relates to different categories of communities. Under the Low/Mod. Housing Act, Rhode Island communities fall into one of three blocks: (a.) the 29 (mostly suburban) communities that have not attained the state goal of having 10 percent of their housing stock qualified as affordable under the Low/Mod. Income Housing Act, (b.) five (mostly urban) communities that do not have 10 percent affordable stock, but have substantial rental housing stock that provides them (under the Low/Mod. Housing Act) with specific standing relative to the Act's expedited permit review provisions, and (c.) the remaining five (urban) communities that currently have more than 10 percent of their housing stock which meets the Act's affordable housing definition.

(a) The 29 Suburban Communities Currently Below the 10% Goal: To address the more limited availability of affordable housing in suburban areas, 29 communities were required by the Low/Mod Housing Act (as amended in 2004) to prepare detailed Affordable Housing Plans outlining how they will meet the 10 percent affordable housing goal over the next several decades. Based upon the current figures published by R.I. Housing, this will require adding 8,430 new low- and moderate-income units to address the deficit for existing units, as well as ensuring that 10 percent of new units are affordable. An analysis of the local Affordable Housing plans indicates that 4,660 affordable units are projected for development in the next five years (see Common Strategies table in Appendix).

(b) The Five Urban Communities Currently Below the 10% Goal: In the five urban communities that have extensive rental housing stock would still need to add another 4,402 units to their current inventory of low- and moderate-income units to achieve a statewide goal of all communities reaching the 10 percent threshold (see 2004 Low and Moderate Income Housing Chart in Appendix). Because they are urban in character and generally have considerable areas with supporting infrastructure, and potential redevelopment sites, these communities have good opportunities for higher density housing that can expand affordable supply. This plan recommends changes to legislation to require these communities to develop Affordable Housing Plans and report on their progress in producing affordable units. In addition, under the existing Local Comprehensive Planning Act, these communities will have an obligation to re-assess their local comprehensive plans and to respond with revisions necessary to assure consistency with this State Strategic plan within one year following its adoption as an element of the State Guide Plan.

(c) Five Urban Communities Currently Above the Goal: In the five urban communities that currently met or exceed the 10% affordability goal, the strategy should be to preserve existing affordable units, re-assess how well the current stock of qualifying affordable units meets actual needs (which likely exceeds 10% in most cases), and identify additional strategies to expand affordable supply as needed. *(Note that while future additions to the affordable unit supply in these communities may be needed, for the most part, these needs have not been specifically quantified or counted in the five-year, 5,000 unit goal.)* Under existing law, these communities will have an obligation to re-assess their local comprehensive plans and to respond with revisions necessary to assure consistency with the State Strategic plan within one year following its adoption as an element of the State Guide Plan.

In terms of production to meet the 5,000 unit goal, the Affordable Housing Plans project that 879 of the 4,454 new affordable units targeted for 2006-10 will be provided through mandatory inclusionary zoning requirements (see Inclusionary Zoning Chart in Appendix). Rhode Island Housing estimates that with current state resources approximately 1,300 new affordable units can be produced in the next five years. New resources are needed to produce the remaining 2,821 units to meet the 5,000 unit goal. Meeting this goal will require increased production capacity and resources to essentially produce four times current production levels for low- and moderate-income units.

Land Use Capacity Issues

Increased housing production requires not only financial resources but also land. How this new housing is built—on sprawling acreage or in more compact clusters near jobs and transportation—has both near-term and long-term consequences for Rhode Island's quality of life.

. . . these land use trends suggest that careful planning and strong action are needed to guide future housing development so it meets the needs of residents of all income levels in Rhode Island's communities.

Rhode Island's Statewide Planning Program has recently adopted a new state land use plan. This plan, entitled **Land Use 2005: Rhode Island's State Land Use Policies and Plan**, warns that if the state continues to 'consume' land for development like it has in the past three decades, it will jeopardize the unique features of Rhode Island's built environment as well as its natural pattern of farmland and forests. While one of the densest states in the country, it also ranks very high in the percentage of land that is forested (60 percent). However, land use trends from 1970 to 1995 threaten the state's historically compact settlement patterns. Findings include:

- Rhode Island is developing its land at an increasingly higher rate than historic trends.
- During this 25-year period, developed land increased by 43 percent while the population only grew by 5 percent.
- A 40 percent increase in households contributed to a 55 percent increase in land in residential use.
- Population continues to shift to the more rural parts of the state.
- Job growth is greatest in the state's suburban communities.

Coupled with other findings that proportionately little affordable housing has been developed in the suburban communities, and that the majority of new housing is single-family, these land use trends suggest that careful planning and strong action are needed to guide future housing development so it meets the needs of residents of all income levels in Rhode Island's communities.

The Housing Affordability Crisis

Having enough units to house Rhode Island's households is only part of the challenge. Even more critical is the cost of that housing. An analysis of recent housing costs and income trends clearly points to a significant—and growing—affordability gap that impacts all communities within the state. Per federal guidelines, affordable housing refers to housing (and housing-related costs such as utilities) that costs no more than 30 percent of a household's gross income.

Although affordability has typically focused on households at or below 80 percent of Area Median Income (AMI), the escalation in housing costs has broadened this focus nationally to include working households up to 120 percent of AMI. In Rhode Island, these households—often first time-homebuyers looking for starter homes—are also a focus of the state's housing strategy.

Table 4 provides an overview of the various income levels and what families of various sizes can afford to pay for rental or for-sale housing if they spend no more than 30 percent of their income on housing costs. For example, for extremely low-income families with incomes at 30 percent of Median Income, a four person family can spend no more than $550 per month for rent and utilities. With an income of approximately $22,000, this family cannot afford to buy a home. Even a single person earning approximately $54,000 (120 percent of median income) cannot afford the average home. This income would support mortgage payments on a home priced around $156,000; however, the average price of a condominium in Rhode Island in the third quarter of 2005 was over $212,000. Too much of Rhode Island's workforce cannot afford to buy the average home in the state.

Table 4
How Much Housing RI Families Can Afford 2005

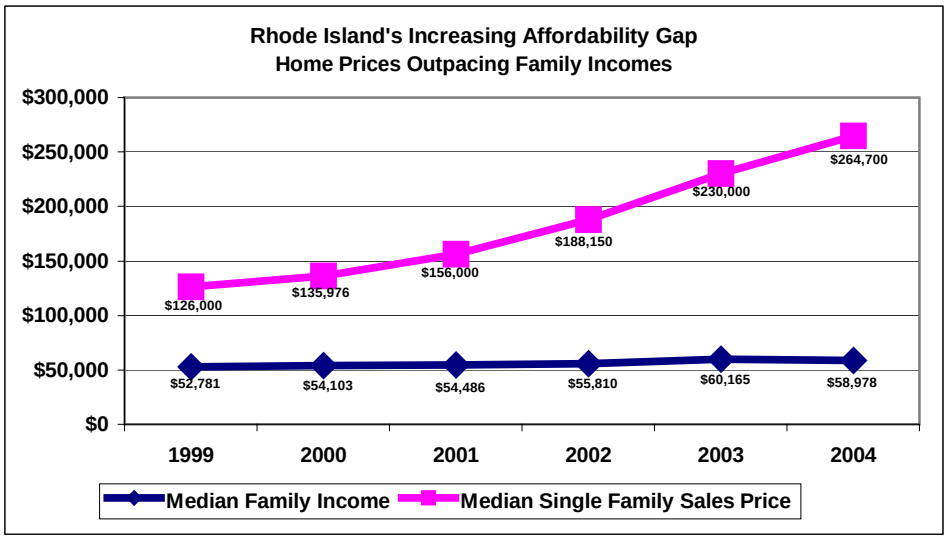
Income Level	*Ranges*	Size of Family	
		Single Person	4 Person
101-120% of Area* Median	*Annual Income:*	$44,701-$53,650	$63,851-$76,600
	Mortgage:	$1,118-$1,341	$1,596-$1,915
	Sales Price:	$129,092 - $156,375	$187,540 - $226,433
81-100% of Area* Median	*Annual Income:*	$40,601-$44,700	$58,001-$63,850
	Mortgage:	$1,015-$1,117	$1,450-$1,595
	Sales Price:	$116,567 - $129,055	$169,669 - $187,504
61-80% of Area* Median	*Annual Income:*	$30,721-$40,600	$43,921-$58,000
	Mortgage:	$768-$1,014	$1098-$1,449
	Sales Price	$86,427-$116,567	$126,711-$169,632
31-60% of Area* Median	*Annual Income:*	$15,351-$30,720	$21,951-$36,600
	Monthly Rent:	$384 -$732	$549 - $1,013
≤30% of Area* Median	*Annual Income:*	< $15,350	< $21,950
	Monthly Rent	< $385	≤ $550

*For Providence/Fall River/Warwick, RI-MA MSA–excludes Newport, Portsmouth, Westerly and Hopkinton
NOTE: Monthly rent based on 30 percent of income; mortgage payment (including principal, interest, municipal taxes, and insurance) based on 30 percent of household's gross monthly income
Source: Rhode Island Housing, based on U.S. Dept. of Housing and Urban Development (HUD) data

While housing prices more than doubled between 2000 and 2004, family incomes only increased by 9 percent, making homeownership a goal but not a reality for a growing number of Rhode Island residents.

The affordability gap for Rhode Island homeowners is growing at an increasingly faster pace, with housing prices jumping far more dramatically than household incomes. Figure 3 illustrates the increase in housing prices since 1999 in comparison to the relatively slow growth of household median incomes. Traditional 'rules of thumb' in the housing industry suggest that families can reasonably afford to buy a home that is two to three times their income.[14] As home prices escalate and income remains relatively stable, the 'affordability gap' for homeowners grows. While housing prices more than doubled between 2000 and 2004, household incomes only increased by 9 percent, making homeownership a goal but not a reality for a growing number of Rhode Island residents.

Figure 3
Rhode Island's Increasing Housing Affordability Gap



Source: U.S. Census Bureau and RI Living (RI Association of Realtors)

Renters have fared no better in recent years. During the same time period, average rent for a two-bedroom unit increased from $758 in 2000 to $1,121 in 2004,[15] reflecting a 48 percent increase. Such rents have created a housing cost burden for approximately one third of all renters.[16] From a national perspective, Rhode Island ranked 9th in 2000 for the percentage of households (12.5 percent) paying more than 50 percent of their income for housing.[17] This compares to 12.1 percent in Massachusetts, a neighboring state that has higher housing costs.

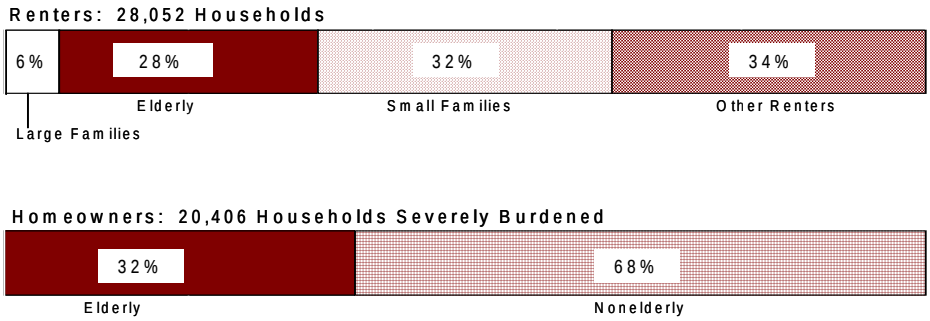
Who is most impacted by the lack of affordable housing? Clearly those vulnerable populations with limited incomes, particularly those who are unemployable or marginally employed, are at greatest risk when the cost of housing escalates. This

includes the homeless, persons with disabilities, low-wage earners, and the frail elderly.

But the current housing crisis also takes its toll on working households who provide the basic services that are vital for strong and sustainable communities, such as teachers, police officers, restaurant workers and sales persons. In high-priced markets, this workforce often cannot find housing it can afford, leading to long commutes or a mismatch between jobs and labor supply.

Many Rhode Island households are also forced to pay an excessive portion of their income for housing. HUD defines a housing cost burden as housing-related costs that exceed 30 percent of a household's income. According to the State's Consolidated Plan, just over one in three Rhode Island renters were cost burdened, with 17 percent qualifying as severely cost-burdened (paying more than 50 percent of income on housing). Almost 25 percent of the state's homeowners were cost burdened in 2000, with 9 percent paying more than 50 percent of their income for housing (Figure 4).

Figure 4
Cost Burden ≥ 50 Percent of Income



Source: State of Rhode Island Consolidated Plan: Program Years 2005-2009

Looking at all households, nearly 30 percent had to devote more than 30% of their income to housing in 2000. This represents over 118,000 Rhode Island households who, in 2000, faced cost burdens in meeting their housing needs. As indicated in Figure 3, housing costs have dramatically outdistanced incomes since 2000, indicating that the current (2006) dimensions of the problem, while statistically undefined, could be of even greater magnitude.

The state's overall housing goal, established in the 1991 Low and Moderate Income Housing Act, and embraced by this plan is that 10% of its housing stock be

affordable to low and moderate income households. In light of the significant numbers of Rhode Island households experiencing housing cost burdens, and considering there are other dimensions of housing need (e.g., substandard housing, lead hazards, homelessness, etc.) that are not captured in the housing cost statistics, the state's legislated 10% affordable unit goal if anything, is modest.

As housing price escalation continues to outpace income, the proportion of families and households facing increased housing burdens will continue to rise. With more of their income needed for housing, families have less money available for such basics as food, health insurance, or a car to get to work.

Overall Housing Needs for 2006–2010

Rhode Island's projected housing production needs for the next five years range from a low of 4,300 units, to a midrange of 12,500 units, and to a high estimate of 23,000 units. Population growth estimates from 2000 to 2004, indicate the state is currently more on target to realize the midrange need estimate of 12,500 units, selected as the basis of this plan. This would require sustaining the production rates of the past five years. **More importantly, regardless of the total number of new units produced, during the next five years Rhode Island must substantially increase its production of affordable units to make progress towards the state's goal of at least 10 percent affordable housing in each community.** In addition, the state must continue its efforts to preserve existing affordable stock at the end of its affordability period, and to address the housing needs of its most vulnerable residents. The specific goals for the next five years as outlined in Table 5 are premised upon the following:

- Currently 34 of the State's 39 communities have not achieved the 10% low- and moderate-income housing goal. The deficit for those 34 communities is 12,833 units. Most of the affordable housing plans predict that it will take 20 years to achieve the 10% goal. Therefore, this plan's five year goal should be one quarter or 25% of the current deficit.

- In addition to addressing the outstanding deficit, just to stay even in terms of percentage of low-and moderate-income units we must assure that 10% of our projected total housing production is affordable.

- The greatest need for affordable housing is among very low and low-income families. This need is best addressed through the provision of rental units.

- There also exists a need to produce units for special populations that include permanent supportive housing for the homeless and units that can accommodate the disabled.

- In addition to the aforementioned new housing production needs, the State needs to ensure that it maintains its current affordable housing resources and address those needs of households overburdened by their current housing costs.

Table 5
Rhode Island Five Year Affordable Housing Goals: 2006-2010

New Production - New Construction & Rehabilitation

Goal **A minimum of 10 percent of Housing in Each Community is affordable**

Current deficit of 12,833 affordable units in 34 communities

		New Units
Assume 25 percent of deficit can be met 2006-2010	3,208	
10 percent of new units developed (per medium growth rate)	1,246	
Subtotal new affordable housing units*		**4,454**

*Distribution of 4,454 new housing units:

Prioritize rental units for smaller families and households rental (80 %) = 3,564 total
Households < 40 % Area Median Income (50% of 3,564) = 1,782
Households 41-80 % Area Median Income (50% of 3,564) = 1,782

Homeownership (20%) = 891 total
Households 60-80% AMI (75% of 891) = 668
Households 81-120% AMI (25% of 891) = 223

Goal	**Provide permanent housing for homeless families**	**200**
Goal	**Provide permanent housing for persons with disabilities**	**212**
	Total new production	**4,866**

Preservation of Existing Units

Goal **Preserve 100 percent of existing affordable units with expiring use restrictions**

Total contract renewals before 2010	11,566	
Units already preserved	4,400	
Units remaining to be preserved		**7,156**

Existing Households with Severe Housing Burdens

Goal **Address needs of 25 percent of households with severe housing burdens**

Severe housing burdens = housing costs that exceed 50 % of household income, severe housing burdens include those households living in substandard housing

	Households Served
Rental households (25% of 32,839 households)	8,207
Owner-occupied households (25% of 21,035 households)	5,259
Total households to be served	**13,466**

Note: Affordable unit deficit numbers based upon RI Housing 2004 Low and Moderate Income Housing Chart - See Appendix B. Deficit numbers are updated annually by RI Housing pursuant to RIGL 45-53.

Bottom Line: Rhode Island must produce 5,000 new affordable housing units by the end of this decade (4,399 plus 412 units for special populations).

Rhode Island must produce 5,000 new affordable housing units by the end of this decade (4,454 plus 412 units for special populations). This represents almost four times the state's current level of affordable housing production. And, even at this increased pace, the state is not expected to reach its goal of 10 percent affordable housing in each Rhode Island community for another 15 years beyond 2010. Each day that Rhode Island delays increasing its affordable housing production, it loses ground—unit by unit—on its 10 percent affordable housing goal, and its greater goal of housing all households and families in safe, affordable housing.

What resources are needed for Rhode Island to meet this Five Year Housing Goal? Both existing and new resources will be required. The new production goal of 5,000 units can be addressed several ways: 879 units will be developed through inclusionary zoning; another 1,300 units can be produced with existing resources; and a minimum of $50,000 per unit in new subsidy is needed to produce the remaining 2,821 affordable units (for a total of approximately $141 million). It must be noted that this amount is an estimate of the minimum State cash subsidy required and additional subsidies and/or density bonuses will be required to achieve the stated production goals. Rhode Island Housing has been successful to date in the preservation of existing affordable housing using existing reserves to fund an extended affordability period. Addressing the needs of households with existing housing burdens will require numerous resources including exploring property tax breaks, providing energy assistance funds, etc. Achieving the Five Year Goal is not an impossible task but a variety of strategies, programs, and financial resources will be needed to implement the Plan.

Recommended Strategies

Based on the demographic, housing development, and land use trends identified in the Housing Needs section, the Strategic Plan Work Group agreed to the following principles to guide the development of strategies targeted at addressing the state's housing needs for the next five years.

Guiding Principles for the Plan

PRESERVE ASSETS

Preserve the character of Rhode Island's communities, open space and natural resources by promoting compact development in growth centers, towns and villages.

MINIMIZE COSTS

Address the escalating cost of housing by reducing regulatory barriers and increasing density, where appropriate, and maximizing the use of existing infrastructure.

PROMOTE ECONOMIC DEVELOPMENT

Support the workforce by providing housing at all price points for the workers. This includes developing new housing as well as preserving existing housing resources. Relate the location of housing to jobs In a manner that supports the state's transportation system.

ENCOURAGE DIVERSITY

Encourage the development of economically and racially diverse and accessible communities to provide geographic opportunity to households at all income levels.

TARGET POPULATIONS

Focus the strategic plan and the state's resources for the next five years on safe, healthy affordable housing for families, small households, the homeless, and the disabled based on population projections.

With these as guiding principles, specific strategies are outlined below to address the housing needs of Rhode Island's population, including low- and moderate-income residents, homeowners, renters, the homeless, persons with disabilities, and students. Any one strategy will not solve the housing affordability crisis in Rhode Island, and a one-size-fits-all approach will not work for the State's diverse communities. Instead, this plan employs a broad range of strategies that, combined, will achieve the state's goals of providing safe and affordable housing for its residents, building strong communities, and preserving Rhode Island's valuable open space and natural resources.

A. Moving The State Forward In Meeting Its Housing Needs

In 1991, Rhode Island's General Assembly passed the Low and Moderate Income Housing Act 45–53 (the "Low/Mod Act"). The General Assembly declared that:

> " … it is imperative that action be taken immediately to assure the availability of affordable, accessible, safe, sanitary housing for [low- and moderate-income persons]… that it is necessary that each city and town provide opportunities for the establishment of low and moderate housing…"

In 2006, fifteen years since initial passage of the Act, this Strategic Plan is being prepared in response to a statewide crisis in housing affordability. As outlined in the prior section, for a myriad of reasons, the laudable goal of ensuring that 10 percent of each city and town's housing stock is affordable to low and moderate income households has not been reached in 34 of the state's 39 municipalities. As the Needs section further documented, even if the 10 percent goal had been universally attained, it is a threshold that addresses only a fraction of the full spectrum of housing needs that exist in Rhode Island.

Addressing the housing needs of Rhode Island, and specifically the need for affordable housing, must become a priority for all Rhode Islanders and all communities. Our state's social and economic security depends on ensuring that Rhode Islanders of all incomes and abilities can find affordable, safe, and sanitary housing in locations accessible to economic opportunities. This task will require the State, <u>all</u> of its communities, the private sector, and citizens to cooperate and work together towards the goals outlined in this plan. The work ahead will require all of the energy and devotion that the state and its people can muster, but, it is essential that we rise to that challenge.

Rhode Island's Low/Mod Act is one of the State's most important tools for meeting the housing needs of low- and moderate-income residents. The plans for

each of the 29 communities required to prepare an Affordable Housing Plan have been approved, and steps are being taken to implement these plans.

Ten communities have to date not been required to submit the affordable housing plans that the Low/Mod Act required of the other 29 communities. Collectively these communities comprise the bulk of the urbanized core of the state. They are home to the largest employment centers and higher levels of transportation, water, and sewer infrastructure, as well as social services. These communities also need to plan for their housing needs. Five of these communities have met the 10 per cent threshold (Providence, East Providence, Central Falls, Newport, and Woonsocket). Five of these communities currently fall short of the 10 per cent requirement (Warwick, Cranston, West Warwick, Pawtucket and North Providence). All of these communities need to be a part of the solution to the affordable housing crisis.

Ensuring that all 39 communities plan for and successfully implement steps to meet the housing needs of their residents is the critical next step. Rhode Island communities need the state's support in meeting their residents housing needs. Specifically, the state must provide financial assistance, better data and guidance to improve planning, and incentives in the form of prioritized funding. In addition, the communities must be held accountable for achieving their plans.

Specific strategies include:

- Assist the 29 communities covered in the Low/Mod Act in meeting their requirements to make progress toward their 10 percent goal as specified in their Affordable Housing Plans.

- Require the five urban communities who do not currently meet the 10 percent threshold to submit affordable housing plans consistent with the guidelines for the 29 plans already submitted.,

- Encourage the five urban communities who do meet the 10 percent threshold to continue to provide new affordable housing opportunities consistent with local needs based on strategies contained in their consolidated plans. Communities lacking consolidated plans will be required to produce affordable housing plans consistent with the guidelines for the 29 plans already submitted.

- For all 39 communities, provide state incentives for meeting their goals as laid out in their affordable housing plans (those currently in existence or yet to be submitted). Examples include:

- Provide additional state aid for educational funding to communities where family affordable housing units are built.

- Provide technical assistance and funding to communities to assist them with their implementation activities.

- Establish funding incentives for infrastructure spending and other state programs to communities using such funds to make progress toward their affordable housing goals. Coordinate infrastructure investments with strategies outlined in the state's land use plan, *Land Use 2025*.

- Provide ongoing monitoring of approved plans to track compliance of those aspects of the plan that are within the community's ability to regulate and control. Offer technical assistance to develop alternative solutions if it appears that an approved plan's implemented strategies are not adequate to provide the additional affordable housing originally envisioned in the plan.

- Publicize annual municipal reports to the Housing Resources Commission on the status of implementation of affordable housing plans[18]. Include appropriate data in these reports, such as progress toward removing barriers to affordable housing and adoption of revised land use regulations (these reports are required by law under Rhode Island General Law 45-53-4). Devise a summary sheet easily understood by the lay community that will track each community's progress in meeting its affordable housing goals.

- Propose legislative and regulatory changes to the State review process for local comprehensive plans and five year updates to require incorporation of performance measures and reporting requirements for communities to benchmark their progress towards their plan goals.

B. Improve State Funding for Affordable Housing

Rhode Island's resources for affordable housing have produced approximately 275 to 300 units annually. The major source of funding is the federal government (HOME, CDBG, Low Income Housing Tax Credits, 202/811, etc.). The state resources include the Neighborhood Opportunities Program (NOP), the Targeted Loan Program, the Thresholds Program, and the Mortgage Revenue Bond Program. Rhode Island Housing has estimated that these resources can produce approximately 1,300 units over the next five years. The 29 Affordable Housing Plans call for another 879 units to be produced through inclusionary zoning. The remaining 2,821 units (to meet the 5,000 unit goal) will require new resources.

Nationally, Rhode Island is among the lowest-ranking states in terms of dedicated funding on a per capita basis for affordable housing, providing $9.9 million in 2005. Other states around the country, responding to rising house prices and rents and voter sentiment, have acted aggressively to fund housing assistance programs through a variety of means. For example, a $1 billion affordable housing bond is being proposed in Los Angeles,[19] and in Massachusetts a $200 million bond bill was enacted recently.[20]

To meet its housing needs, Rhode Island must aggressively pursue additional resources. If a minimum of $50,000 per unit in new subsidy is needed to produce the remaining 2,821 units to meet the 5,000 unit goal, a variety of financing strategies must be pursued including identifying new state funding sources supplemented by private donations, increased use of 4 percent tax credits, providing local subsidies, and increasing densities to reduce housing costs.

Specific strategies include:

- Pursue adequate State support for new affordable housing unit production to meet the Plan's objectives over the next five years. A $75 million bond has been proposed that would assist the state in producing 1,500 units towards the 5,000 unit goal of this plan. This would require legislative and voter approval.
- For additional new units, provide an ongoing, permanent source of funding for the Rhode Island Housing and Conservation Trust Fund (an existing trust fund which combines funding of both housing and conservation projects). Options include implementing a mortgage recording fee (estimated to raise $12 million annually with a 0.1 percent fee) or an increase in the real estate transfer tax.[21]
- Provide an annual budget line item appropriation for the Neighborhood Opportunities Program (NOP) to fund baseline-level operations (approximately $7.5 million annually). NOP provides funding for three programs. Family Housing and Supportive Housing funds target primarily households below 40 percent AMI and the homeless, and is considered to be a critical resource for addressing the needs of the more vulnerable households in Rhode Island. Building Better Communities (BBC) funds are used for homeownership and neighborhood revitalization.
- Consider tax-linked bonuses and/or charitable tax credits for affordable housing development.
- Provide start-up funding (approximately $100,000) for Rhode Island's Community Housing Land Trust.
- Require developers using state historic tax credits to include 20 percent affordable units in developments of greater than 10 units.. Consider such incentives as exempting the affordable units from the application fee, which is

currently 2.25 percent of the project's cost, and providing an additional subsidy for those affordable units targeted to households with incomes below 80 percent of median.

- Promote the use of 4 percent tax credits to convert multifamily rental units created using state historic tax credits to affordable units (through purchase or subsidy). These units would otherwise convert to market-rate condos.
- Leverage the use of 4 percent tax credits (an underutilized resource) to create mixed-income housing. Provide additional subsidies to developers using 4 percent tax credits, where necessary, to include affordable housing units targeted at households below 60 percent AMI.

C. Provide Tools to Promote Compact Development

One of the key goals of this Five Year Housing Plan is to stimulate compact development which will in turn lead to more affordable housing (through reduced land and construction costs) and the preservation of scarce resources and land. This requires a variety of approaches ranging from increasing densities in growth centers to encouraging mixed-used development to assisting local communities with developing effective accessory apartment and inclusionary zoning ordinances.

The task of increasing density in the State's diverse development environments has been addressed in many meetings and workshops on affordable housing and Smart Growth. The major concerns about increasing density are change in community character, risk of environmental degradation, and the adequacy of infrastructure to support increased density (including lack of infrastructure in less-developed parts of the state).

Increased density is not appropriate in all areas; rather growth should be concentrated and restricted to the areas best suited to accommodate it in terms of site conditions and available facilities. The key consideration is for communities to identify, through the comprehensive planning process, appropriate areas where increased densities can be supported by site parameters and existing and planned public services. In doing so, they should ensure that the effects of increased density, such as increased run-off and pollutant loadings, and increased traffic, can be effectively managed without creating serious impacts (flooding, water quality degradation, congestion, etc.) which would exceed applicable laws or standards. This requires both careful planning and close coordination involving local governments, their citizens, potential private sector partners, and state agencies.

As noted in Land Use 2025, there are many issues to be carefully considered in determining appropriate densities to avoid environmental and community impacts and avoid overtaxing existing community facilities and services. Communities should consider a number of key issues in assessing opportunities for higher densities. Environmental concerns include issues such as: **Water Supply** – *quantity, quality, operation and maintenance of new public systems, out of basin transfer, water withdrawal impacts to surface waters and wetlands;* **Water Quality** – *Waste water impacts to ground and surface water, management of storm water runoff, watershed impervious cover, existing water quality conditions;* **Wastewater Treatment** – *applicable systems and limitations, operation and maintenance requirements, wastewater management districts;* **Hazardous Materials** - *Prohibition of specific uses and good management practices for handling and storage for permitted uses, including hazardous materials used by homeowners;* **Habitat** – *impacts upon aquatic and terrestrial habitats; and* **Site Suitability** – *Soils, wetlands, stream and wetland buffer adequacy, habitat, watershed location, groundwater impacts, agriculture, forest fragmentation.* In addition to environmental concerns, consideration also needs to be paid to transportation system capacities and congestion impacts, as well as ensuring that new development or redevelopment at higher density will "fit" with the character of the surrounding community.

With careful planning, increasing density within defined, suitable areas can work to preserve environmental values and open space on both a community-wide and site-planning basis. The key is linking increased density in the designated, suitable locations to reductions of density in less suitable or more fragile areas. Whether this be accomplished via "transfer of development rights" on a community basis, or via conservation development planning and flexible development standards on a site planning basis, the result can be a "win-win-win-win" situation for the community, the environment, site developers, and seekers of affordable housing.

Following a structured planning process allows communities to reassess their land use patterns and current zoning, and, where warranted to amend their comprehensive plans, zoning ordinances, and subdivision regulations to increase the allowed level of density in suitable areas as a means to address their community's housing needs while also protecting community resources and character. The comprehensive planning review process, under which state agencies review local plan amendments, helps insure that proposals to increase density will be properly coordinated with state policies.

Expanded efforts have been made in recent years to improve the public's understanding of what "density" is and how higher density in the proper locations can help not only expand housing affordability, but also help attain a number of community objectives such as protecting resources and reducing sprawl. These educational efforts are helping to change lingering misconceptions about higher density and should continue in order to give the public a better understanding that properly designed and sited higher density development can be a community asset. Higher density developments can blend seamlessly with the existing community character, provide a higher quality of life for their residents and those of the surrounding areas, and be located to best take advantage of existing infrastructure resources. In fact, Rhode Island's traditional town and village centers generally provide greater density than can be developed under current zoning.

Specific strategies to promote compact development and higher densities include:

Develop As Recommended in the State Land Use Policies & Plan

Land Use-2025, a new Land Use Policies and Plan element of the State Guide Plan, has been adopted by the State Planning Council's just prior to its adoption of this Strategic Housing Plan. The new land use plan puts forward several concepts that, if embaced by state agencies and communities, will support affordable housing development through more compact development and higher density housing in locations that have adequate supporting services and infrastructure.

A priority of the Plan is encouragement of compact infill growth and redevelopment in areas that are already developed and that have supporting infrastructure, particularly drinking water systems and adequate water supplies. To express this, the Plan defines, based on analysis using the state's GIS database and other inputs, an "**Urban Services Boundary"**, and **"Centers"** (primarily in rural parts of the state) where growth should be concentrated in the future. The Urban Services Boundary comprises areas of the state having (or expected to have by 2025) an urban level of services and infrastructure, to include public water service, access to transit, and many areas public sewer service. Centers shown in the land use plan are areas such as villages identified in local comprehensive plans for more concentrated development or redevelopment. The concept builds upon the "Growth Center" proposal by the Governor's Growth Planning Council in 2002 and procedures adopted by the State Planning Council (2004) allowing Rhode Island communities to identify, and the state to approve, Growth Centers.[22]

A pivotal recommendation of the new State Land Use Plan is that the State focus its development assistance, both capital spending and other support (such as technical assistance and expedited permit approvals), to support concentrated growth and development within the Urban Services Boundary and approved Growth Centers. These areas typically have existing infrastructure to support higher

density including a mix of commercial and community services and residential development.

Within the Urban Services Boundary, growth areas might also include linear corridors that stretch between two centers, or along major thoroughfares, where existing infrastructure can support the development of underutilized properties, which are typically retail in nature. In addition to minimizing sprawl, because of the higher density these areas can support, residential development can be more affordable. Density bonuses and other incentives can further encourage residential development to be affordable. These locations are often served by bus lines and other public transportation that reduce commuting expenses for residents. Density recommendations that follow in Table 6 have been developed to serve as a guide for areas having an adequate level of urban services.

Rural housing densities should be substantially lower *overall*, but could also include *limited* areas of higher density. The Land Use Plan recommends that growth in rural areas be focused within "Centers", defined and planned through the local comprehensive planning process. Densities within centers would vary from center to center based upon the environmental and other factors discussed above, but, in general, would be considerably higher than the density of surrounding areas. In non-sensitive centers with access to public water densities up to 8 to 10 units per acre may be possible for multi-family housing on a site specific basis, if groundwater and other resource protection standards are met.

The State Land Use Policies and Plan recommends areas outside the urban services boundary and approved centers principally as resource protection and/or reserve lands. In resource protection areas, average density levels of 1/4 dwelling or less per acre are recommended by the Land Use Plan. Accordingly, general guidelines for special water resource and other sensitive resource areas would prescribe this low density of development.

Outside sensitive resource areas, *limited* areas of higher density development could be defined in rural areas via the local comprehensive planning process, as has been done in local affordable housing plans, with densities dependant on site-specific characteristics such as adjacent land uses, soil quality, availability of water, and the overall carrying capacity of the watershed. In these *limited* areas, acceptable densities could range from 1/2 unit per acre to 2 units per acre in areas lacking public water service where there is fair to good soil and a private well.

More detailed development guidelines for higher density development, including guidelines for both locations with urban level of services and growth centers such as villages in rural areas, can be found in Appendix D.

Table 6

Density Guidelines for Areas Within the Urban Services Boundary Having Adequate Public Services and Facilities

Type of Area	*Units per Acre*	*Rhode Island Examples*
Urban Centers Large, densely populated urban area with a civic, social and cultural infrastructure; zoned for mixed-use with residential above commercial and business use; easily accessible through public transit and walking.	60-170	Downtown Providence, Newport, and Pawtucket
Urban Corridors Serves as a main thoroughfare in a densely populated area; has civic and cultural elements of an urban community; has infrastructure for retail, office and residential use.	40-80	Elmwood Avenue and Broad Street in Providence; North Main Street in North Providence
Metropolitan Corridors May be located in a suburban area, is less densely populated; has the infrastructure for residential, retail and business use but generally carries more height restrictions.	30-40	Reservoir Avenue and Park Avenue in Cranston; Warwick Avenue in Warwick; Post Road in North Kingston; Newport Avenue in Pawtucket and East Providence
Town/Village Centers A traditional downtown at a smaller scale where a town's civic, commercial and social infrastructure is concentrated; typically characterized by first floor retail and underutilized upper floors; zoned with greater height restrictions; facilities are often within walking distance of private residences.	15-30	Warren, Bristol, and East Greenwich
Transit-Oriented Development in Urban Centers TOD in an urban center concentrates development around existing downtown areas, adjacent to a commuter rail, maximizing access by public transit; infrastructure typically available for intermodal transportation, allowing convenient access to rail and bus lines as well as parking structures.	60-150	Downtown Providence and Pawtucket
Transit-Oriented Development near Commuter Rail Stops TOD in a town center concentrates development around existing downtown areas, adjacent to a commuter rail, surrounded by relatively high-density development with progressively lower-density spreading outwards; new TODs may be developed around planned commuter rail stops. TOD town centers may have a transit station and a few multi-story commercial and residential buildings surrounded by several blocks of townhouses and small-lot single family residential.	30-50	Potential locations include East Greenwich, Warwick Station, and Westerly

The new Land Use Plan also recommends that development be "sustainable". In addition to increased density to support development of affordable housing, this concept will also support housing affordability by helping insure that the operating cost of the housing is also affordable. Technological advances have been made in the areas of energy, water supply and use, and wastewater treatment that need to be incorporated into the design of new and renovated housing units. The initial costs of some of these technologies must be weighted against the long-term payback for both the operation of the units and the conservation of these resources and be supported accordingly.

Specific strategies for promoting development as recommended in the new State Land Use Plan include:

- Direct State agencies to prioritize development assistance funding and programs they control to facilitate compact development within the Urban Services Boundary and in approved Growth Centers.
- Implement efforts made by Statewide Planning to work with cities and towns to update local comprehensive plans to direct growth to within the Urban Services Boundary and designated 'growth centers' '
    - Provide planning grants and technical assistance to assist communities to define in greater detail the characteristics and needs of areas they designate for growth that support the State Land Use Plan (e.g., 'growth centers' and areas within the Urban Services Boundary: 'growth corridors' to include commercial corridors, urban areas, transit-oriented development nodes, commercially developed interchanges, etc.)
    - Implement a task force that includes representatives from various state agencies to help towns overcome barriers to development in centers. These state agencies should include Statewide Planning Program, Housing Resources Commission, RI Department of Environmental Management, RI Economic Development Corporation, RI Public Transit Authority, RI Housing and Mortgage Finance Corporation, RI Water Resources Board, RI Division of Public Utilities, Coastal Resources Management Council, and RI Department of Transportation.

- Provide a package of additional financial incentives and priority investments for designated 'growth areas' in communities that allow multifamily housing by right and provide for increased densities. Targeted incentives will include priority for:
  - Location of all future suitable state facilities in designated growth areas
  - CDBG/HOME funds
  - Low Income Housing Tax Credits (LIHTC)
  - Open space and recreation funds
  - School construction funds
  - Transportation and infrastructure funding
  - Expedited permitting

- Incorporate green building strategies in construction of new buildings and rehabilitation of existing buildings to conserve natural resources and energy, provide better indoor air quality, and reduce operating costs.
- Provide funding for planning for transit-oriented development.
  - Promote transit-oriented development by conducting (and funding) planning at key transit nodes including the Warwick transit center, the depot in Pawtucket, Wickford Station, East Greenwich, Westerly, and Cranston.
  - Work with affected communities to undertake detailed planning to optimize the use of areas surrounding freeway interchanges that are zoned for business/commercial use, consistent with transportation and environmental concerns.

Mixed-Use Development

Mixed-use development, which includes a combination of uses such as retail and housing, is often more affordable than other types of development because it tends to be higher density. Mixed-use development can make use of underutilized existing space and infrastructure. It can also reduce the reliance on cars by providing daily services within walking distance of homes. In many Rhode Island village and town centers, upper stories over commercial space are vacant, but could be developed into affordable housing with appropriate zoning changes and assistance to property owners. However, mixed-use development can be difficult to finance because lenders tend to focus on one type of lending, commercial or multifamily housing, for example, but not both.

- Provide financing, credit enhancement, or other support for mixed-use developments that include owner-occupied affordable housing with commercial uses (typically on the first floor).
- Create a program to encourage development of underutilized upper floors in village centers into affordable housing.
- Encourage new mixed-use development to be located near employment centers.

Accessory Apartments

Accessory apartments also make use of often-underutilized housing space, allowing owners to install small apartments. While many communities currently allow accessory apartments, they are often conditioned as a special permit use rather than allowed by right within certain parameters. Developing criteria for expanding the applicability of "by-right" allowance of accessory apartments could expand the supply of housing, and support housing affordability. In addition to providing an affordable unit, an accessory unit eases the financial burden of homeownership by providing owners with rental income. This can be particularly important for elderly people struggling to maintain their homes. It can benefit homeowners in other ways, as well. For example, some programs match owners and renters and allow renters to provide assistance with health care or property maintenance in exchange for housing.

- Work with communities to review and revise the accessory apartment provisions within their land management ordinances to expand opportunities for this housing option. Develop model ordinance language to permit accessory apartment development, and provide to communities considering revisions to their ordinances addressing accessory apartments.

Workforce Housing

Workforce housing programs help to establish the link between housing and economic development. Employer-assisted housing (EAH) programs are one example. They tend to be most popular among highly place-based employers, such as universities and hospitals, and can be used to accomplish both housing and neighborhood revitalization goals. In addition, they can be designed to help reduce sprawl and congestion by encouraging employees to live near their workplace.

- Encourage employer-assisted housing programs that target households at or below 80 percent AMI and reduce traffic congestion and sprawl by incenting workers to live near their work. Consider ways to link state economic development incentive programs used to attract major new employers to employer participation in employer assistance housing programs.
- Focus economic development efforts within the urban services boundary and designated growth centers where housing supplies are concentrated and where supporting infrastructure is available or planned to support new housing.
- Create opportunities for employers to develop new housing or access housing for workers.
- Prioritize building new housing for appropriate income levels near where jobs are located.
- Provide additional homeownership assistance for households with incomes between 60-80 percent AMI, including down payment assistance, homeownership counseling and education, and low interest second mortgages.

Inclusionary Zoning

The majority of Rhode Island communities intend to use inclusionary zoning ordinances to help meet their housing needs and goals.[23] This strategy could produce up to 879 new affordable units during the next five years in 26 of the 29 communities that included inclusionary zoning in their Affordable Housing Plans. Many of these communities would benefit from state assistance in drafting and implementing their inclusionary zoning ordinances. Poorly designed inclusionary zoning ordinances could result in fewer affordable units than communities plan because they either stifle building with unreasonably high demands on developers, or because they offer too lenient an alternative to building the affordable units, such as a fee that is too low to cover the cost of building the units. Once ordinances are implemented, communities will need ongoing assistance to monitor the impact of their ordinances on housing production and to fine-tune the ordinances as needed to produce the desired number of affordable units.

- Provide training and technical assistance to communities drafting inclusionary zoning ordinances with the goal of tailoring ordinances to the specific needs of each community.
- In communities with mandatory inclusionary zoning, use additional density bonuses and/or state and federal funds to provide a financial subsidy to developments that include units targeted at households at or below 80 percent of AMI as needed to address financing gaps.

D. Address Barriers to Affordable Housing

One of the contributing factors to Rhode Island's housing crisis is a variety of barriers to housing production, particularly the development of affordable housing. Significant barriers to affordable housing identified in Affordable Housing Plans[24] and by the members of the Housing Resources Commission Strategic Planning Work Group[25] included lack of municipal utilities infrastructure, house prices, cost of land, natural impediments, the stigma or negative perception of affordable housing, and complex and/or time-consuming zoning and subdivision procedures and other state and local permitting (see Table 7).

Table 7
Barriers to Affordable Housing *(in order of perceived importance)*

Affordable Housing Plans	Strategic Planning Work Group
Lack of municipal utilities infrastructure	Stigma/perception of affordable housing
House prices	Cost of land
Cost of land	Complex and/or time consuming zoning and subdivision procedures
Natural impediments	Lack of municipal utilities infrastructure
Character of town	Large-lot zoning
Large-lot zoning	House prices
	Insufficient transportation

Several of these factors are beyond anyone's control, such as natural impediments. In other cases, such as a lack of municipal utilities infrastructure, there is a tension between affordable housing goals and other goals that are also important to the state, such as minimizing construction of new infrastructure and preserving open space. In this situation, tools that help developers use existing infrastructure, such as higher-density zoning in growth centers, attempt to address both goals.

Other tools, such as inclusionary zoning with substantially higher densities, help to address high housing prices and the cost of land. Outreach and marketing that corrects misperceptions about affordable housing could reduce the stigma associated with affordable housing, thus improving community support for affordable housing. There are many examples throughout Rhode Island where well-

designed affordable housing fits into and complements the existing housing patterns.

Large-lot zoning is closely related to two other factors, the desire to maintain the character of the town, and a lack of municipal utilities infrastructure because of the minimum lot sizes necessary for a private well or on-site septic system. The state can provide assistance to help towns evaluate the extent to which these and other processes, regulations, and ordinances that constitute barriers can be changed to support housing production.

- Work with local governments to identify local barriers to affordable housing and provide technical assistance to help remove barriers. Specifically, provide funding for Rhode Island Housing and Statewide Planning to establish a public-private partnership with Grow Smart Rhode Island and other private organizations to provide long-term funding for technical assistance to municipalities. Grow Smart Rhode Island is currently providing broad technical assistance to communities; newly developed technical assistance should be hands-on and focus on individual communities. This training should include illustrations of various densities that highlight best practices in compact development.
- Make planning grants available to municipalities to implement zoning changes that lead to increased residential densities in designated growth areas.
- Provide right of first refusal on excess state-owned land being disposed of to Rhode Island Housing and municipalities for the development of affordable housing.
- Require organizations that receive state or federal funding to provide an annual report to the Housing Resources Commission and to the Human Rights Commission on their efforts at fair housing outreach and education.
- Address barriers resulting from environmental and other regulation:
    - Establish a task force including the Department of Environmental Management and other state permitting entities to examine state agencies' approval process for residential development, and recommend strategies for streamlining the process where possible. Some strategies may include providing funding for additional staff and/or providing technical assistance to developers to improve the completeness of applications.
    - Review state environmental standards for arsenic to determine whether these standards are the most appropriate in order to protect public health and promote housing construction.
    - Provide streamlined regulatory review for applications including affordable housing, local preference, or high priority developments.

- Reduce the cost of producing affordable housing:
  - Subject newly constructed affordable multifamily units to the same state law that limits local property taxes on affordable rehab units to 8 percent of gross rent.
  - Exempt affordable housing units from impact fees.
  - Exempt affordable housing units from building caps.
  - Encourage local governments to tax property based on its deed-restricted value.
- Improve access to information for public education and planning for affordable housing:
  - Task the new Office of Housing and Community Development with collecting better data on building permits, and multifamily housing units in particular. Activity in multifamily production is difficult to track or project because of the poor quality of data available. The number of permits for multifamily housing developments is available, but not the number of units. This data collection should be electronic (a web form, for example), in a format that allows for easy collection, extraction, and analysis.
  - Pursuant to RIGL 128-8.1(g) the Statewide Planning Programwill develop, with input from state agencies and municipalities, and maintain a GIS map showing areas suitable for higher-density residential development that is based upon the guidelines of this plan. (Recommended densities will vary based on the type of location, e.g., village center, growth corridor, urban center.) Ensure that this map is easily accessible to communities.
  - Conduct outreach and marketing to improve public understanding of and need for affordable housing.
- Enhance the development and preservation of manufactured home parks as an affordable housing resource by:
  - Providing design standards and a model ordinance to communities for manufactured housing.
  - Providing technical assistance to manufactured home park tenant associations to purchase the park.
  - Providing funding for infrastructure improvements, where needed, in manufactured home parks when parks are purchased by tenants.

E. Preserve Existing Affordable Units

Given the number of Rhode Island households with housing burdens, it is critical to preserve existing affordable units that might otherwise convert to market-rate at the end of their affordability period. According to Rhode Island Housing, contracts on 11,556 units in the project-based Section 8 and Contract Administration Programs will expire before 2010. Of these, 4,400 have already been preserved. With a goal of maintaining 100 percent of units with expiring contracts as affordable, 7,156 units must still be preserved.

Cuts in funding from the U.S. Department of Housing and Urban Development are contributing to a loss of affordable units owned by public housing authorities (PHAs). If PHAs are required to sell units due to financial or other constraints, the state should work to replace these units to minimize any net loss of affordable resources.

In addition to the threatened loss of PHA units, units built in the early 1990s using the Low-Income Housing Tax Credit are nearing the end of their 15-year affordability requirement. These units should be preserved as affordable as well, to the extent possible. Mechanisms that ensure long-term affordability, such as deed restrictions or land trusts, would help to prevent the further loss of affordable units in the future.

- Require that Rhode Island Housing and/or non-profit housing organizations be offered the right of first refusal when housing authorities sell units to preserve affordability.
- Require Housing Authorities to replace on a 1:1 basis any affordable housing units sold.
- Ensure that the long-term affordability of state- and municipality-funded units is protected with a deed restriction or other mechanism such as a community land trust and enforced by a monitoring agency.
- Continue to aggressively preserve the affordability of project-based units at the end of their compliance period.
- Closely monitor the tax credit projects that are at the end of their 15-year compliance period. Identify mechanisms to ensure that tax credit projects maintain long-term affordability.

F. Address Housing Needs of Special Populations

The state has made significant efforts to plan for the housing needs of special populations. These plans, including the state's Plan to End Homelessness, Five Year Consolidated Plan, and Lead Strategic Plan should all be implemented. An additional special population the state is considering is students at institutions of higher learning.

Homeless Individuals and Families

The lack of affordable housing has been identified as a primary reason for homelessness.[26] Increasingly, the homeless population includes families with children as well as the chronically homeless. Ending Rhode Island's homelessness problems requires permanent solutions rather than additional temporary shelters. The Rhode Island Consolidated Plan calls for 200 new permanent supportive housing units for the homeless over the next five years.

- ❑ Provide state resources to implement Rhode Island's Plan to End Homelessness.
    - Target 50 units in the existing stock for the Permanent Supportive Housing Pilot Program.
    - Produce 150 new units for the Permanent Supportive Housing Pilot Program.
    - Create a dedicated deep rental subsidy to move people from shelters into housing.
    - Create partnerships between developers, public housing authorities, and homeless service providers.

Persons With Disabilities

Supplemental Security Income (SSI) is the federal income assistance that provides support for people with long-term disabilities. Rents are generally more than the entire monthly income of people who rely on this program. The Rhode Island Consolidated Plan calls for 212 new units for persons with disabilities. In addition, there is a significant need for accessible housing within the overall housing stock.

- ❑ Recapitalize the Thresholds Program to fund (and leverage additional funding for) new housing for persons with disabilities.
- ❑ Provide accessible housing for persons with disabilities.

- Develop policy for the standardization of the definition of housing "accessibility" to be used throughout the housing system.
- Increase the number of accessible housing options by including accessible units in all affordable housing development.
- Implement a Home Modification Loan Program for Individuals with Disabilities to provide loans to a homeowner who has a disability, has a household member with a disability, or rents to an individual with a disability.

Frail Elderly

Rhode Island must begin to plan aggressively for its growing aging population by helping the elderly age in place and providing supportive residential environments for those who cannot safely live independently. Rhode Island has an Assisted Living Demonstration program that includes Medicaid waivers to fund supportive services for up to 200 frail elders or disabled adults living in assisted living facilities financed by Rhode Island Housing.

- ❑ Aggressively support all competitive federal programs for the elderly including Section 202, Supportive Housing for the Elderly.
- ❑ Expand the Assisted Living Demonstration program to provide additional supportive housing for the frail elderly.
- ❑ Provide program assistance to elderly homeowners who want to age in place. This includes providing assistance to those with high cost burdens due to property taxes and/or utilities. Rhode Island's Home Equity Conversion Mortgage should also be promoted for this population.

Lead Mitigation

Because much of Rhode Island's housing stock is older, lead poisoning is an important issue throughout the state. The problem is particularly acute in rental housing: more than 80 percent of the state's rental housing was built before 1978, when lead-based paint was banned. Rhode Island is taking a proactive approach to encourage property owners to properly maintain their units rather than relying on an enforcement response once a child is lead poisoned. In addition, the state is making improvements in lead education, lead programs, financing of lead mitigation, abatement, and enforcement efforts, coordination of efforts, and assessing the availability of lead liability insurance.

- ❑ Achieve Rhode Island's lead mitigation goals established in the state's 5-Year Consolidated Plan and the state's Lead Strategic Plan, including making all

assisted units lead safe by 2009 and removing lead hazards in approximately 1,460 homes.

Student Housing

Rhode Island is home to at least 12 institutions of higher learning with a total enrollment of over 78,000 students. Groups of students living together can often afford $1,200–$2,000 monthly for an apartment, which is well above the market rate in similar neighborhoods farther from a college or university. This has the result of raising the rents in a neighborhood, putting housing out of the reach of working households and frequently middle-income families. Without intervention, shortages in on-campus student housing will continue to exacerbate the affordable housing crisis.

- Encourage the state and/or municipalities to work with all higher educational institutions to develop plans to house their undergraduate and graduate students and to link any increases in enrollment with investment in new student housing. Shortages in on-campus housing will continue to exacerbate the affordable housing crisis.
- Work through the RI Health and Higher Education Building Authority to link discretionary state grants and loans to higher educational institutions to their cooperation with local officials in planning for adequate housing opportunities for their students.

G. Address Needs of Households with High Housing Cost Burdens

Almost 54,000 households in Rhode Island, or one out of every eight, have what is considered to be a worst-case need for housing. The vast majority of these pay more than 50 percent of their income for housing. Not surprisingly, worst-case needs are concentrated among the poorest households—those earning 30 percent of the AMI or less. Of these households, which include those who own their homes, more than half have a severe housing cost burden. These problems are not limited to the very poor. About 22 percent of households from 31–50 percent of AMI have severe housing cost burdens, as well as about 10 percent of households with incomes from 51–80 percent of AMI.

It is not feasible or desirable to build units for all of these households. Among other things, such a massive building effort would depress housing prices and rents throughout the state, driving up vacancy rates beyond healthy levels and hurting homeowners and landlords. These households do not need new units—they occupy existing units—but they need assistance for these units to be affordable.

Recent increases in the cost of energy will worsen affordability problems. Additional rental assistance as well as assistance with other large housing-related expenses such as property taxes and utility expenses, along with a multifamily rehabilitation program, may be a more appropriate solution to these problems.

The following strategies are critical to preventing any increase in homelessness:

- Provide financing assistance to landlords to safely rehabilitate rental units that will be maintained as affordable.
- Provide energy assistance for low-income households whose rent and ownership burdens will increase with projected higher fuel costs.
- Explore the development of a state-funded tenant-based housing subsidy program to assist additional rent-burdened households renting in the private market. Such a program should target those households at or below 50 percent of AMI.
- Establish and provide funding for a program to provide property-tax assistance to low-income owner-occupants.
- Work with local utility companies to establish and expand programs to encourage improvements to rental properties that increase energy efficiency, reducing housing costs. Provision of programs for gas and oil-heated residences is a particular need in this regard.
- Consider expanding financing assistance available to low-income property owners to address cited code violations.

ACTION PLAN

Coordination With Other State Initiatives

The key strategies for Rhode Island's Five Year Housing Plan can be summarized as: increase funding, support local planning efforts, remove regulatory barriers at the state and local level, and build at higher densities. These key strategies, as well as the preservation of existing affordable housing and assistance for those households with high housing cost burdens, will require the detailed identification of specific action steps and a timeline for their implementation. Additionally, the Rhode Island Five Year Strategic Housing Plan must be coordinated with other closely related statewide initiatives:

- Rhode Island's State Land Use Policies and Plan through Rhode Island Statewide Planning;
- Statewide Affordable Housing Financing through the Housing Resources Commission and Rhode Island Housing;
- Statewide Smart Growth Initiatives and the Rhode Island Housing and Conservation Trust Fund through Grow Smart Rhode Island; and
- Rhode Island Community Housing Land Trust through the Housing Network of Rhode Island.

Each of these initiatives described in greater detail below is either currently operational or will soon be underway. A detailed Action Plan outlining the specific steps that must be undertaken by various entities to implement the five-year plan follows.

Role and Responsibilities

Rhode Island's State Land Use Policies and Plan

The Rhode Island Statewide Planning Program (SPP) prepares and maintains the State Land Use Plan, which, as a central element of the State Guide Plan adopted by the State Planning Council, establishes overall state policy for land use and general development patterns within the state (see Section C. above for more details). This Strategic Housing Plan will also be adopted as an element of the State Guide Plan.

Coordination between the state's land use and strategic housing plans is fundamental to making the best use of Rhode Island's limited land resources, to the continued success of the state's economy, and to maintaining a decent quality of life for all Rhode Islanders.

The Statewide Planning Program is part of the Rhode Island Division of Planning , which also includes the Office of Housing and Community Development, and several other units. , The Division of Planning has several responsibilities in implementing the State's Strategic Housing Plan. The Division will coordinate and oversee the provision of technical assistance, such as assisting communities developing ordinances; provide data and guidelines that may be used in preparing local comprehensive plans; and will maintain a Geographic Information System (GIS) map that identifies areas suitable for higher density residential development. In addition, by statute, the Housing Resources Commission will monitor the progress of the municipalities that have completed local affordable housing plans. Specific coordination tasks of the partner entities to be lead or overseen by the Division of Planning include:

Role and Responsibilities

- **Technical Assistance.** The Rhode Island Five Year Strategic Housing Plan's recommendations include providing detailed guidance to the state's communities in defining their local housing needs based on projected growth rates, economic and historical development trends, and other factors.
- **Assistance to Communities Drafting Ordinances.** The Five Year Strategic Housing Plan includes guidelines for development of inclusionary and mixed-use zoning ordinances and for designating higher density Growth Centers. It also includes density matrices for areas with varying levels of infrastructure development ranging from highly developed urban areas to rural settings with very limited infrastructure resources.
- **Monitoring Local Affordable Housing Plans.** As with all Comprehensive Plans, Statewide Planning will review any amendments or updates to local affordable housing plans.

Housing Resources Commission and the Oversight Commission

The Rhode Island Housing Resources Commission (HRC) is the planning and policy, standards, and programs division of the Rhode Island Housing Resources Agency. The HRC has worked in conjunction with Rhode Island Statewide Planning to develop the Strategic Housing Plan. As the coordinating entity for housing activities among agencies and political jurisdictions in the state, HRC has an important role in implementing the Plan.

HRC is responsible for reporting to various parties on the progress of the implementation of affordable housing plans. The local review board of communities with approved affordable housing plans are required to report the status of implementation of their plans to the Housing Resources Commission, including the disposition of any applications made under the plan. Local

communities will report their implementation status each year by September 1 for activity as of June 30.

Based on this information, the Housing Resources Commission will submit a report on the status of implementation to the governor, the speaker, the president of the senate and the chairperson of the State Housing Appeals Board, and identify which towns are not in compliance with implementation requirements.

In addition, the Commission is responsible for housing policy decisions.

An oversight commission created in RI General Law 45-53-9, "The Housing Act of 2004 Implementation Oversight Commission," is charged with reviewing the progress reports submitted by the Housing Resources Commission. The oversight commission is also responsible for:

- **Monitoring and Evaluating Implementation.** The Oversight Commission is responsible for monitoring and evaluating the implementation of the Act including the preparation and review, by Statewide Planning, of local plans.
- **Monitoring Adoption of the Plan**. The Commission is also charged with monitoring the development and adoption of the State Strategic Housing Plan by the Housing Resources Commission and Statewide Planning.
- **Recommendations for Changes in Law**. Based on the Plan's recommendations, the Oversight Commission will identify and make recommendations for any changes that may be needed in the law.
- **Assess the Need for Resources.** The Commission is responsible for assessing the need for resources to accomplish housing objectives and to make recommendations.

Rhode Island Housing and Mortgage Finance Corporation

Rhode Island Housing and Mortgage Finance Corporation (RIH) is the state's principal housing finance agency. Rhode Island Housing's primary mission is to preserve and expand the supply of affordable housing within the State of Rhode Island. Acting as the primary conduit for federal housing funds, Rhode Island Housing provides a variety of resources to developers of affordable housing seeking financing for new production, preservation, or acquisition of existing properties. Rhode Island Housing has created the Rhode Island Housing Developers Handbook for Affordable Housing to guide its nonprofit and for profit partners in the provision of housing opportunities for low- and moderate-income Rhode Islanders.

Role and Responsibilities

Rhode Island Housing will provide access to funds for affordable housing development to developers that meet their program requirements and assistance to low- and moderate-income individuals and families seeking to purchase their first home or receive loans for housing rehabilitation. Specific coordinating responsibilities include:

- **Access to Funds.** The Five Year Strategic Housing Plan's recommendations include sending a $75 million bond authorization for funding of affordable housing over the next five years for voter approval. As the state's principal housing finance agency, Rhode Island Housing will be responsible for administering many of the additional resources gained by implementation of the plan's recommendations.
- **Tax Credit Allocation Policies.** Rhode Island Housing oversees the State's Qualified Allocation Plan (QAP) for Low Income Housing Tax Credits. Rhode Island Housing should revise the QAP, as needed, to reinforce the recommendations in the Five Year Strategic Housing Plan. Specific areas for prioritization include family housing; new construction in the 29 communities; mixed-income developments; and higher density residential development.
- **Monitoring.** Rhode Island Housing will monitor the long-term affordability of dwelling units created under local affordable housing plans and funded by Rhode Island Housing. Rhode Island Housing may also certify other agencies to provide monitoring for long-term affordability. In addition, Rhode Island Housing will certify proposed developments as eligible for comprehensive permits.
- **Training and Technical Assistance.** Rhode Island Housing will provide design assistance to developers, technical assistance to cities and towns creating zoning and subdivision ordinances to implement their affordable housing plans, and evaluate potential affordable housing sites identified in those plans.

Smart Growth Initiatives

Grow Smart Rhode Island, **a statewide nonprofit organization**, brings together diverse interests to protect and improve Rhode Island's quality of life, economic vitality, and environmental health as well as the unique physical character created by the state's historic cities, towns, villages and by its farms, forests and open spaces. It achieves this by promoting business and residential growth in urban and town centers and advancing open-land conservation and the preservation of rural character in less developed areas. Grow Smart Rhode Island encourages communities to examine the economic, environmental and social impacts of Rhode Island's current development patterns; consider

alternative options for development; cultivate a common vision for the state's future economic physical growth; and advocate for programs and policies to achieve that common vision.

As a non-government agency that works closely with municipalities and a range of different interest groups, Grow Smart is in a unique position to help build consensus between different constituencies and between the public and private sectors.

In the past, Grow Smart Rhode Island has played five main roles in promoting development and implementation of smart growth initiatives at the state and local levels. The organization provides training opportunities to build local capacity; facilitates and energizes the state's discussions about appropriate densities and mixed-use; assists in formulation of smart growth policies via research, dissemination of best practices, and policy advocacy; advocates for integrated planning at the state and local levels, and acts as a development watch dog for projects of regional or state significance.

Training and Technical Assistance. Grow Smart has a demonstrated track record of convening public-private agency partnerships to develop and present workshops on land-use issues. Approximately 700 attendees have participated in Grow Smart-organized programs on various housing issues since 2003. There is also potential for Grow Smart to provide some technical assistance in the areas of ordinances and design guidelines if resources are available.

Facilitate the Density Discussion. Recommendations for higher density development in areas with existing infrastructure are common to the Strategic Housing Plan, the draft State Land Use Plan, and to Grow Smart Rhode Island's smart growth initiatives. Through its emphasis on the use of technological advances and good design to protect Rhode Island's environment and community character, Grow Smart can be a persuasive and credible advocate for increased density in appropriate locations.

Active Participant in Planning Activities. Grow Smart strongly advocates for mixed-use development and integrating housing into overall community

planning. It serves on a number of public and private task forces, boards and commissions, providing commentary on the development of ordinances, regulations, and state and local plans.

Since Grow Smart is a non-profit entity, its continued capacity to undertake these responsibilities in the future is dependent on its ability to attract the necessary public and private support

Housing and Conservation Trust Study Commission

The Housing and Conservation Trust Fund (HCTF) offers a potential vehicle for assembling and distributing additional financial support for both housing and conservation and it also offers the opportunity to promote coordinated planning and implementation for housing and conservation initiatives to ensure the initiatives are complementary and mutually effective. Funding of the Housing and Conservation Trust will help assure both long-term housing affordability and conservation of Rhode Island's limited land supply. The HCTF is established in Rhode Island Law (1992) but has never been funded nor has a board ever been appointed.

The 2004 Housing Act created the Housing and Conservation Trust Study Commission and designated thirteen agencies and organizations for representation on the Commission:

- Audubon Society of Rhode Island
- Church Community Housing Corporation
- Grow Smart Rhode Island
- Housing Network of Rhode Island
- RI Association of Realtors
- RI Association of Executive Directors for Housing
- RI Builders Association
- RI Chapter of the American Planning Association
- RI Land Trust Council
- RI Housing
- RI Housing Resources Commission
- RI League of Cities and Towns
- RI Conservancy
- RI Department of Environmental Management (Attends)

Role and Responsibilities

The Commission is charged with identifying mechanisms for donation of lands held by a trust for the development of low- and moderate-income housing; identifying and evaluating organizational structures (public/government agency, quasi-public, or private) and financing mechanisms for a land trust fund in Rhode Island; assessing the viability of the Rhode Island HCTF Fund; and reporting its findings to the Governor. The Commission reported its findings on land trust mechanisms to the Governor on February 25, 2005 and delivered an interim report on May 25, 2005. The Commission is currently studying potential funding sources for the HCTF Fund, and will make final recommendations by February 2006.

- **Evaluating Organizational Structures and Financing Mechanisms.** The Five Year Strategic Housing Plan's recommendations include identifying and implementing an ongoing real estate-related source of funding for the Rhode Island HCTF.

Community Housing Land Trust (CHLT)

In November 2004, the Housing Network incorporated a statewide land trust to coordinate the efforts of members and others to provide a vehicle to preserve long term affordability for housing developed by its member non-profit community development corporations. The Housing Network of RI is an association of 25 Community Development Corporations (CDCs). The initiative was further expanded to serve the entire state when the Community Housing Land Trust of Rhode Island was incorporated as a new non-profit organization in January 2005. The Board membership includes those administering land trusts at a local level, representatives from designated areas of expertise or geographic interest, and some homeowners in land trust properties. In working on the by-laws, the Network used the broadest definitions possible to accommodate the different levels of interactions and types of projects. For example, the ability to sell property in quick transfer, not usually allowed in classic community land trust models, is included as a mechanism for combined housing and land conservation activities.

Nearly half of the Network's 25 member organizations use the land trust model of ownership as a component of their overall affordable housing and community development programs. Eight currently have active land trusts and two more will be established within the year. There are currently between 200 and 300 units held in affordable housing land trusts through the member CDCs. The creation of the statewide community land trust provides an organizational structure for standardized documents and procedures, thereby gaining wider product recognition and increased lender/homebuyer confidence.

Land trust administration is cumbersome and time-consuming and includes the monthly collection of fees, management of initial and resale transactions, property

tax logistics, and homebuyer education about land trusts. The Community Housing Land Trust will assume some of the administrative functions, making it easier for CDCs to take on a land trust function. Currently, some parts of the state, such as East Providence, are not served by a CDC or the Community Housing Land Trust. A statewide entity gives unserved and underserved communities a chance to put their affordable units in trust for permanent affordability.

Role and Responsibilities

- **Identifying Mechanisms for Donation of Lands.** The Five Year Strategic Housing Plan's recommendations include providing start up funding (approximately $100,000) for Rhode Island's Community Housing Land Trust (CHLT), which could work in conjunction with the Housing and Conservation Trust Fund and act as a model of an effective land trust mechanism receiving land donations.
- **Maintaining Permanent Affordability.** The recommendations of the Five Year Strategic Housing Plan will result in the creation of many new affordable housing units. The Rhode Island Community Housing Land Trust would act as a mechanism to preserve the long term affordability of the housing units created by recommended strategies such as inclusionary zoning and increased funding for affordable housing. For example, a developer who has created affordable units through inclusionary zoning can achieve the goal of permanent affordability by participating in the CHLT. The CHLT would take on both ownership of the land and the administrative functions, or a municipality may choose to develop property and maintain ownership of the land and pass off the administrative/monitoring functions to the CHLT.

Rhode Island's Five Year Action Plan

The State's five year goal of developing 5,000 new affordable housing units and preserving existing affordable units will require the focused and coordinated efforts of numerous state agencies and organizations. For each recommended strategy in the Five Year Plan, specific action steps, lead responsible parties, and initiation dates are identified below. It is recommended that the key implementing agencies convene annually to assess progress and refine tasks as needed to ensure opportunities for affordable housing production and higher density development are maximized.

The key lead agencies include:

Division of Planning, including:

HRC	Housing Resources Commission
SPP	Rhode Island Statewide Planning Program
OH+CD	Rhode Island Office of Housing and Community Development
RIH	Rhode Island Housing and Mortgage Finance Corporation
THN	The Housing Network

Other entities and agencies to be involved in various strategies, as appropriate include:

CRMC	Coastal Resources Management Agency
DEM	Department of Environmental Management
DOH	Department of Health
EDC	Economic Development Corporation
HHEBA	Health & Higher Education Building Authority
DOT	Department of Transportation

It is important to note that although the lead parties responsible for many of the following action steps are state agencies or state organizations, this Five Year Strategic Housing Plan will not be successful without the strong support and work of the for-profit and non-profit developers, the philanthropic community, housing organizations representing special needs populations, and, most importantly, the local communities in supporting quality housing production necessary to attain the goals of the plan.

A. Move the State Forward in Meeting Its Housing Needs

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Assist the 29 communities covered in the Low/Mod Act in meeting their requirements to make progress toward their 10 percent goal as specified in their Affordable Housing Plans. Encourage the five urban communities who do meet the 10 percent threshold to continue to provide new affordable housing opportunities based on strategies contained in their comprehensive and/or consolidated plans.	Develop measurable performance indicators for assessing 'progress' and report to the General Assembly annually	HRC	2006 Q1
	Design a series of training programs and model ordinances on key implementation issues including inclusionary zoning, accessory units, density bonuses, etc. Provide direct technical assistance to each community on an as needed/requested basis to address specific needs at the local level.	SPP	2006 Q3
	Track development of affordable units	RIH, HRC	2006 Q2 - ongoing
Require the five urban communities who do not currently meet the 10 percent threshold to submit affordable housing plans consistent with the guidelines for the 29 plans already submitted. Encourage the five urban communities who do meet the 10 percent threshold to continue to provide new affordable housing opportunities consistent with local needs based on strategies contained in consolidated plans. Communities lacking consolidated plans will be required to produce affordable housing plans consistent with the guidelines for the 29 plans already submitted.	Incorporate language regarding this requirement in amendment to Low/Mod Housing Act	HRC	2007
	Develop detailed guidance on how communities should assess/measure housing needs for various subpopulations; provide training	SPP and HRC	2007 - ongoing
	Review and approve plans of 5 urban communities	SPP	2007
	Monitor progress on annual basis	HRC	2007 - ongoing
For all 39 communities, provide state incentives for meeting their goals as laid out in their affordable housing plans (those currently in existence or yet to be submitted).	Provide additional state aid for educational funding to communities where family affordable housing units are built.	HRC	2006 Q4 – ongoing
	Provide technical assistance and funding to communities to assist them with their implementation activities.	HRC	2007 Q4
	Establish funding incentives for infrastructure spending and other state programs to communities using such funds to make progress toward their affordable housing goals. Coordinate infrastructure investments with strategies outlined in the state's land use plan, *Land Use 2025.*		

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide public access to information regarding how communities are making progress toward their affordable housing goals	Provide ongoing monitoring of approved plans to track compliance of those aspects of the plan that are within the community's ability to regulate and control. Offer technical assistance to develop alternative solutions if it appears that an approved plan's implemented strategies are not adequate to provide the additional affordable housing originally envisioned in the plan.	HRC, RIH	2006 Q4
	Publicize annual municipal reports to the Housing Resources Commission on the status of implementation of affordable housing plans[27]. Include appropriate data in these reports, such as progress toward removing barriers to affordable housing and adoption of revised land use regulations (these reports are required by law under Rhode Island General Law 45-53-4). Devise a summary sheet easily understood by the lay community that will track each community's progress in meeting its affordable housing goals.	HRC	2006 Q4
	Propose legislative and regulatory changes to the State review process for local comprehensive plans and five year updates to require incorporation of performance measures and reporting requirements for communities to benchmark their progress towards their plan goals.	SPP	2007 Q4

B. Improve State Funding for Affordable Housing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Pursue adequate State support for new affordable housing unit production to meet the Plan's objectives over the next five years.	Draft bond authorization bill outlining specific uses for the funds	OH+CD	2006 Q1
Seek approval of a $75 million bond authorization to provide State funding for 1,500 new affordable housing units over a five year period l	Design a public education program to promote the necessity for affordable housing and the benefits resulting from the $75 million bond	HousingWorks RI	2006 Q1-2
	Provide start-up funding of $100,000 from the bond bill for Rhode Island's Community Housing Land Trust	THN	2007 Q1
	Revise state funding allocation policies to give priority to actions outlined in the strategic plan	RIH, OH+CD	2006 Q2
Create a permanent, ongoing source of funding for the Rhode Island Housing and Conservation Trust Fund	Establish a permanent source of financing for the Trust Fund (either a mortgage recording fee or a real estate transfer tax)	HRC	2005 Q4
	Develop the specific criteria for projects eligible for accessing Trust Funds	RI HCTF Commission	2006 Q1-2

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide an annual budget line item appropriation for the Neighborhood Opportunities Program to fund current level of operations	Lobby legislature for importance of this program targeting the most vulnerable persons below 40 percent AMI and the homeless	SPP and RIH	2006 Q1-2
Explore tax-linked bonuses and/or charitable tax credits for affordable housing development	Establish a Task Force to research the specific benefits to private developers and/or individual contributors of establishing such tax benefits and to project the financial impact of the tax credits	HRC	2007
Provide an incentive for developers to include affordable housing in residential projects using the state historic tax credit program	Draft legislative language exempting residential projects that include at least 20 percent affordable units from the state historic tax credit application fee, currently 2.25 percent of the project costs	HRC	2006 Q1-3
Provide subsidies to promote development of affordable units for households below 80 percent AMI	For affordable units serving households below 80 percent AMI, provide an additional subsidy to offset the cost of these units. Establish a Working Group of both private developers and housing program staff to define the appropriate subsidy level for these units.	SPP and RIH to appoint Working Group members	2006 Q4
Promote the use of 4 percent tax credits to fund affordable housing	Target 4 percent tax credits to convert multifamily rental units created using state historic tax credits to affordable rental or ownership units. Develop and market this program to existing owners prior to end of their five year restricted use period.	RIH	2006 Q1 – ongoing
	Create a program that uses 4 percent credits to create mixed-income communities. For projects that have a minimum of 20 percent affordable units, provide gap financing for these units to leverage the 4 percent credits.	RIH	2006 Q1

C. Provide Tools to Promote Compact Development

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Focus Growth Per State Land Use Plan			
Implement efforts made by Statewide Planning to work with cities and towns to direct growth to within the Urban Services Boundary or approved 'Growth Centers' Encourage compact infill growth and redevelopment in areas that are already developed and that have supporting infrastructure, particularly drinking water systems and adequate water supplies	Direct State agencies to prioritize development assistance funding and programs to facilitate compact development within the Urban Services Boundary and in approved Growth Centers	GOV	2006 Q2
	Work with cities and towns to update local comprehensive plans to direct growth to within the Urban Services Boundary and designated Growth Centers	SPP	2006 Q3
	Provide planning grants and technical assistance to assist communities to define in greater detail the characteristics and needs of areas they designate for growth that support the State Land Use Plan (e.g., 'growth centers' and areas within the Urban Services Boundary: 'growth corridors' to include commercial corridors, transit-oriented development nodes, commercially developed interchanges, etc.) Market designation and incentive program to cities and towns	SPP	2006 Q4 – ongoing
Provide technical assistance to help towns overcome barriers to development in centers	Develop locational and design criteria to assist communities in designating rural centers	SPP, DEM, RIH, CRMC, EDC, WRB, DOH, DOT	2006
	Designate staff from each relevant state agency to assist with technical assistance	SPP, other state agencies	2006 Q1
	Meet with planners and officials from individual communities	SPP	2006 Q2 – ongoing
Provide a package of additional financial incentives and priority investments for designated 'growth areas' in communities that allow multifamily housing by right and provide for increased densities	Identify source of funding for affordable housing in 'growth areas'	RIH, HRC	2007 Q1-3
	Designate a point of contact, program materials, and application procedure for package of financial incentives	RIH, HRC	2007 Q4

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide funding for planning for transit-oriented development	Designate a point of contact, program materials, and application procedure	SPP	Ongoing
	Market program to appropriate towns and cities	SPP	Ongoing
Incorporate green building strategies in construction of new buildings and rehabilitation of existing buildings to conserve natural resources and energy, provide better indoor air quality, and reduce operating costs	Convene a task force of state agencies, to include DEM, RIH, State Energy Office, and State Building Commission, and other interests to develop a process, timeline and standards for implementing green building techniques, including use of alternative building materials and recycling of building materials, wherever feasible in new construction and rehabilitation within Rhode Island, giving priority for early application in all State-supported projects	DEM, SEO	2006 Q3
Mixed-Use Development			
Provide financing, credit enhancement, or other support for mixed-use developments that include affordable housing with commercial uses	Work with banks to develop a product that allows owner-occupied mixed-use financing	RIH	2007 Q1
	Market product to Rhode Island lenders	RIH	2007 Q3
Create a program to encourage development of underutilized upper floors in village centers into affordable housing	Create a program that provides financial and/or zoning (e.g., density) incentives for using underutilized upper floors of mixed-use buildings in village centers for affordable housing	RIH	2007 Q1
Encourage new mixed-use development to be located near employment centers	Encourage communities to implement zoning ordinances that allow mixed-use development to be located near employment centers; share model ordinances	SPP	2007 Q1
	Design incentives for developers to locate mixed-use projects near employment centers	SPP	2007 Q2

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Accessory Apartments Work with communities to review and revise the accessory apartment provisions within their land management ordinances to expand opportunities for this housing option.	Share model accessory apartment ordinances	SPP	2006 Q1
	Review Low/Mod Act to determine changes needed to allow communities to adopt an accessory apartment ordinance	SPP	2006 Q3
Workforce Housing Assist employers in establishing employer-assisted housing (EAH) programs that target households at or below 80 percent AMI and reduces traffic congestion and sprawl by encouraging workers to live near their work	Develop an employer-assisted housing program based on best practices from other states and cities	RIH	2007 Q1
	Revise Rhode Island laws to define employer-provided housing assistance as a non-taxable benefit (for state taxes)	RIH	2007 Q2
	Develop a point of contact, technical assistance materials, and other resources for companies establishing an employer-assisted housing program	RIH	2007 Q3
	Market program to businesses	RIH and RI Economic Development Corporation	2007 Q3 – ongoing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Create opportunities for employers to develop new housing or access housing for workers	Develop a tax incentive match for employers, based on input from large employers, particularly hospitals and universities	RIH and RI Legislature	2007 Q1
	Consider ways to link state economic development incentive programs used to attract major new employers to employer participation in employer assistance housing programs.	RIH and RI Economic Development Corporation	2006 – ongoing
	Develop a point of contact, technical assistance materials, and other resources for companies developing housing for workers	RIH	2007 Q3
	Market program to businesses	RIH	2007 Q4 - ongoing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Focus job creation efforts on growth areas designated in State Land Use Plan	Focus economic development efforts within the urban services boundary and designated growth centers where housing supplies are concentrated and where supporting infrastructure is available or planned to support new housing.	RIEDC	2006 - Ongoing
Prioritize building new housing for appropriate income levels near where jobs are located	Identify all state funding programs that could prioritize funds for housing built near jobs	HRC	2007 Q2
	Revise award formulas for state funding programs to reflect higher priority for housing located near jobs	HRC	2007 Q3
Provide additional homeownership assistance for households with incomes 60 percent to 80 percent of AMI, including down payment assistance, homeownership counseling and education, and low-interest second mortgages	Increase funding for existing RIH programs	HRC	Upon passage of affordable housing bond + 1 quarter
	Increase marketing efforts for homeownership assistance programs	RIH	
Inclusionary Zoning			
Provide training and model ordinances for communities to implement inclusionary zoning	Share model inclusionary zoning ordinances with developers and Rhode Island communities	SPP, RIH	2006 Q1
In communities with mandatory inclusionary zoning, use additional density bonuses and/or state and federal funds to provide a financial subsidy to developments that include units targeted at households at or below 80 percent of AMI as needed to address financing gaps	Identify funding sources that can be accessed by developers to insure long-term affordability	RIH	2006 Q2, ongoing

D. Address Barriers to Affordable Housing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Work with local governments to identify local barriers to implementation of affordable housing plans and provide technical assistance to help remove barriers	Identify and provide funding for a public-private partnership that will provide long-term funding for technical assistance to municipalities	RIH	2006 Q1
	Develop hands-on technical assistance materials, including illustrations of various densities that highlight best practices in compact development	RIH, SPP	2006 Q2-Q3
	Market availability of technical assistance to communities	RIH	2006 Q4 – ongoing
	Provide technical assistance	RIH	2006 Q4 - ongoing
Make planning grants available to municipalities to implement zoning changes that lead to increased residential densities in designated growth areas	Identify source of funding	SPP, RIH	2006 Q1
	Designate a point of contact, program materials, qualification standards, and application procedure	SPP, RIH	2006 Q2
	Market program to appropriate towns and cities	SPP, RIH	2006 Q4 – ongoing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide right of first refusal on excess state-owned land being disposed of to Rhode Island Housing and municipalities for the development of affordable housing	Draft legislative language	RIH	2007 Q1
Address barriers resulting from environmental and other regulatory reviews	Name a task force including state permitting agencies to examine state agencies' approval process for residential development, and recommend strategies for streamlining the process where possible	HRC, DEM, CRMC, SPP	2006 Q2
	Prioritize review of critical housing developments	HRC	
	Assess causes for delays and provide recommendations for shortening the process	HRC	2006 Q2-Q4
	Refer state environmental regulations for arsenic to a committee comprised of RIDEM, the RI Housing Resources Commission, and the RI Department of Health to develop guidelines for compliance that are the most appropriate in order to protect public health and promote housing construction	DEM, DOH, HRC	2007 Q1

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Reduce the cost of producing affordable housing	Revise state law to limit local property taxes on affordable multifamily units to 8 percent of gross rent	HRC	2007 Q2 2007 Q3
	Amend Low/Mod Act to exempt affordable housing units from impact fees	HRC	2007 Q2 2007 Q3
	Amend Low/Mod Act to exempt affordable housing units from building caps	HRC	2007 Q2 2007 Q3
	Amend Low/Mod Act to limit property taxes on deed-restricted affordable homeownership units to the deed-restricted value	HRC	2007 Q2 2007 Q3

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Improve access to information for public education and planning for affordable housing	Gather input from RI municipalities for design requirements of new multifamily permit data collection system	HRC	2006 Q1
	Design, test, and implement data collection system	HRC	2006 Q2-2007 Q1
	Revise reporting requirements for municipalities in legislative language	HRC	2006 Q2, 2006 Q3
	Issue quarterly reports of multifamily production	HRC	2007 Q1 – ongoing
	Develop GIS map of areas recommended for higher-density development	SPP	2006 Q2 – ongoing
	Provide copies of GIS map to communities	SPP	2006 Q3
	Plan and execute a marketing campaign to improve public perception of affordable housing	Housing Works	2006 Q4-2007 Q4

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Enhance the development and preservation of manufactured home parks as an affordable housing resource	Provide model manufactured housing ordinances to communities	HRC, SPP	2006 Q2 – ongoing
	Provide technical assistance materials and technical assistance to manufactured home park tenant associations to purchase their park	HRC	2006 Q3 – ongoing
	Provide technical assistance with regard to organizational capacity and housing management	HRC	2006 Q3 – ongoing
	Identify source of funding for infrastructure improvements, where needed, in manufactured home parks when parks are purchased by tenants	HRC	2006 Q4
	Market infrastructure funding availability to tenants of manufactured home parks	HRC	2006 Q4 – ongoing

E. Preserve Existing Affordable Units

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Work closely with public housing authorities to minimize any loss of public housing units	Draft legislation requiring public housing authorities to notify the state of any proposed demolition, disposition or sale of existing public housing units. To preserve existing affordability, include requirement that Rhode Island Housing and/or non-profit housing organizations be offered the right of first refusal when public housing authorities sell units.	THN	2006 Q2
	Prepare legislation to require Housing Authorities to replace on a 1:1 basis any affordable housing units sold.	HRC	2007
Ensure that the long-term affordability of state- and municipality-funded units is protected with a deed restriction or other mechanism such as a community land trust, and enforced by a monitoring agent	Draft model deed restriction language and provide specific guidance to local communities on how to establish a community land trust	RIH	2006 Q3
	Draft guidance on the roles and responsibilities of a monitoring agent and criteria for identifying and monitoring the performance of this agent	RIH	2006 Q3
	Require each monitoring agent to report on any units under its purview	RIH	Ongoing
Maximize the preservation of existing subsidized units that are at the end of their affordability period	Maintain an up-to-date inventory of all affordable housing units and their affordability periods. Include all municipal, state and federally funded units in this inventory.	RIH	2006 Q1
	Continue to use project reserves and other financing sources to extend the affordability period of project-based units	RIH	Ongoing
	Explore the identification and authorization of 'preservation organizations' that would acquire tax credit units at the end of their compliance period and agree to maintain their affordability. Explore the ability to provide exit tax relief for owners selling to designated 'preservation organizations'.	RIH	2006 Q4

F. Address Housing Needs of Special Populations

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide permanent housing for homeless individuals and families	Provide state resources to implement Rhode Island's Plan to End Homelessness	RIH, HRC	2006 Q3
	Target funding for 50 existing units and 150 new units for he Permanent Supportive Housing Pilot Program	RIH, HRC	2006 Q3 – ongoing
	Encourage partnerships between developers, public housing authorities, and homeless service providers	RIH, HRC	2006 Q3 – ongoing
Provide accessible housing for persons with disabilities	Lobby for the recapitalization of the Thresholds Program to fund a target of 212 new units for persons with disabilities	RIH	2006 Q3
	Support the inclusion of accessible units in all affordable housing developments	RIH, HRC	2006 Q1 – ongoing
	Develop database on accessible units, extent to which these units are occupied by persons with disabilities, and waiting list information for these units to identify high-needs	RIH	2006 Q1 – ongoing
	Implement a Home Modification Loan Program for Individuals with Disabilities	RIH, HRC	2007 Q1
Provide housing for the frail elderly	Collect information annually on the length of waiting lists for assisted housing for the elderly, by community, to assess where priority needs are across the state; identify number of housing units for seniors that are occupied by non-elderly disabled	RIH	2006 Q3 - ongoing
	Expand the Assisted Living Demonstration program	RIH	2006 Q4
	Aggressively encourage communities to pursue competitive federal programs for the elderly (Section 202)	RIH, HRC	2006 Q3
Achieve Rhode Island's lead mitigation goals as outlined in the state's Five Year Consolidated Plan and the state's Lead Strategic Plan	Coordinate adequate resources to remove lead hazards in approximately 1,460 homes, including all assisted units, by 2009	RIH, HRC	Ongoing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Encourage local communities to require all higher education institutions to develop plans for student housing to minimize impacts on the communities' availability of affordable housing	Provide technical assistance materials for communities with higher education institutions on how to encourage the provision of adequate student housing. Include guidance on housing plans that should be required of all colleges and universities.	RIH, SPP	2006 Q3+4
	Work through the RI Health and Higher Education Building Authority to link discretionary state grants and loans to higher educational institutions to their cooperation with local officials in planning for adequate housing opportunities for their students.	RIH, RIHHEBA	2007
	Provide guidance to communities on how they can enforce higher education institutions to link any increase in enrollment to investment in new student housing	SPP	2006 Q3+4

G. Address Needs of Households with High Housing Cost Burdens

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Provide financial assistance to landlords to safely rehabilitate rental units that will be maintained as affordable	Establish a Rehab Task Force to identify the specific rehabilitation needs of existing affordable housing stock and to design a rehab program that supports the needs of landlords to maintain safe, sanitary and affordable housing stock	HRC and RIH	2007 Q1
	Develop and advertise this rehab program, including the funding priorities	RIH	2007 Q3
	Establish a rehab committee to review and select eligible projects, to provide underwriting services, and to monitor implementation	HRC and RIH	2007 Q3
	Review status and outcomes of rehab program on an annual basis to ensure that funds are effectively being used to preserve and maintain affordability.	HRC and RIH	Annually starting in 2007
Establish a state-funded tenant-based housing subsidy program to assist homeless to rehouse	Explore the feasibility of establishing a tenant-based housing subsidy program. Identify eligibility requirements, level of payment assistance, and potential utilization issues at the community level.	RICH, RIH	2006 Q1+2
	If warranted, design a detailed tenant-based housing subsidy program and monitor its effectiveness annually	RIH	2006 Q3+4; annual monitoring
Provide assistance to low-income owner-occupants to minimize their housing cost burdens	Review a statewide program to provide property-tax assistance to low-income owner-occupants whose increasing property taxes are creating a severe housing cost burden	HRC and RIH	2006 Q3-4
	Work with local communities to explore the need to provide expanded financial assistance to owner-occupied low-income property owners who are cited with code violations. Consider providing state resources directly to municipalities to administer with their code violation program.	RIH	2007 Q1 – ongoing

Strategy	*Action Required*	*Responsible Party*	*Schedule*
Work with local utility companies to design energy efficiency programs for multifamily rental properties	Meet with multifamily property owners to identify potential energy saving improvements that could reduce (or maintain at current level) utility—and therefore housing—costs. Model annual savings and ability to amortize upfront capital costs over a 5 to 10-year period.	RIH	2006 Q2
	Meet with utility companies to seek their interest in and support of an energy savings program targeted at multifamily property owners	RIH	2006 Q2
	If feasible to utility companies and property owners, design energy efficiency programs and provide any state funds to offset gap between upfront improvement costs and debt service levels	RIH	2006 Q3

End Notes:

[1] This document uses a definition of affordable housing that is consistent with federal guidelines and the definition in RI General Law 42–128–8.1. In state law, affordable housing is defined as having a sales price or rental amount that is within the means of a household that is moderate income or less. In the case of dwelling units for sale, this means housing in which principal, interest, taxes, and insurance constitute no more than 30 percent of the gross household income for a household with income that is 120 percent or less of Area Median Income (AMI).I In the case of rental units, affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30 percent of the gross annual household income for a household with income that is 80 percent or less of AMI, adjusted for household size.

There is an additional aspect of the definition of affordable housing in Rhode Island. Twenty-nine communities in Rhode Island are required to have approved affordable housing plans and achieve a goal that 10 percent of the housing stock be affordable. For these communities, units that count toward the 10 percent goal must also be subsidized by a federal, state, or municipal government program. In addition, these units must use a mechanism that ensures they remain affordable for at least 30 years, such as a deed restriction or ownership by a community land trust.

In this document, affordable housing is synonymous with workforce housing. Some jurisdictions define workforce housing as serving households with incomes between 60 or 80 percent of AMI up to 120 percent AMI. However, most households with lower incomes have at least one member who participates in the labor force, and performs services that are vital to the community.

[2] See Technical Paper Number 154, August 2004 and Technical Paper Number 129, May 2005.

[3] Based on 2003 MSA Profile, as reported by Eric Hangen and Edmund Wong (undated).

[4] Based on the American Community Survey data for 2000, 2001, 2002 and 2003.

[5] State of Rhode Island Consolidated Plan: Program Years 2005-2009.

[6] Rhode Island 2010: Charting A New Course – Demographic Challenges to Affordable Public Services, RI Public Expenditures Council, October 2005. p. 16.

[7] Healthy vacancy rates are 6 percent for rental units and 2 percent for owner-occupied units, per Barry Bluestone *et al.*, 2001.

[8] Based on the U.S. Department of Commerce estimates that for every 10 new jobs, seven housing units are needed (this estimate does not factor in the number of employees working in RI but living in Mass or CT).

[9] Providence Business News, Issue 20-19, August 20, 2005.

[10] There is some concern that building permit data reported by local communities do not accurately reflect the number of multifamily units that are being constructed. A recent study in Providence identified approximately 1,600 multifamily units in various stages of development, although recent U.S Census data on building permits reflected a much smaller number. One goal of this Plan is to improve the accuracy of the building permits reporting process to ensure that individual building permits accurately account for the total number of units built with each issued permit.

[11] As defined in Rhode Island Law 45-53-3(5).

[12] The 10 urban areas include Central Falls, Cranston, East Providence, Newport, North Providence, Pawtucket, Providence, Warwick, West Warwick and Woonsocket. These 10 urban communities were not required to prepare Affordable Housing Plans as their affordable housing units exceeded 10 percent of all housing units, or their affordable units exceeded 15 percent of the total rental stock.

[13] Suburban communities include the 29 municipalities that are required by state law to prepare Affordable Housing Plans.

[14] Factors impacting this include mortgage interest rates and the household's outstanding debt load.

[15] Rhode Island Housing, *Year End 2004 Rent Survey*, 2005.

[16] According to *Out of Reach, 2004: Rhode Island*, 48,858 of 163,274 renter households paid more than 30 percent of their income for housing, based on HUD Fair Market Rents (which are approximately 25 percent lower than average rents).

[17] See www.dataplace.org/rankings/

[18] Note that under the Low and Moderate Income Housing Act, towns must report on the status of implementation of Affordable Housing Plans annually, but that towns are not specifically required to make progress toward their 10 percent goal.

[19] David Zahniser, October 26, 2005

[20] State News Service, July 28, 2005.

[21] For additional information on various affordable housing funding sources see "Housing and Conservation Trust Fund Study Commission Funding Sources Report," Draft, Rhode Island Housing and Conservation Trust Fund Study Commission, May 3, 2005.

[22] Rhode Island Governor's Growth Planning Council, 2002.

[23] For example, 26 of the 29 communities required to submit Affordable Housing Plans intend to implement mandatory inclusionary zoning ordinances.

[24] A discussion about barriers to affordable housing was not required in the plans, but many of them cited barriers to affordable housing and the ranking is based on the number of plans citing each barrier.

[25] The Strategic Planning Work Group included town planners, builders, and representatives from the Housing Resources Commission, Statewide Planning, Rhode Island Housing, and other organizations.

[26] Hirsch, Eric *et al.*, January 2004.

[27] Note that under the Low and Moderate Income Housing Act, towns must report on the status of implementation of Affordable Housing Plans annually, but that towns are not specifically required to make progress toward their 10 percent goal.

Rhode Island Five Year Strategic Housing Plan: 2006-2010

Five Thousand in Five Years

State Guide Plan Element 423

Appendix

June 2006

Rhode Island Five Year Strategic Housing Plan: 2006-2010
Five Thousand in Five Years

Appendix

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APPENDIX A
CONTEXT FOR THE PLAN

This Five Year Strategic Plan is the result of a concerted effort by Rhode Island's key housing agencies to develop a consensus-based vision for meeting the housing needs of all of Rhode Island's citizens. Affordable housing is not a new issue in the state, as evidenced by the legislative history outlined below. However, as the affordability gap continues to widen and affect more households, the state has also responded by elevating housing within its governmental structure. The process for developing this plan has included the state's key housing leaders as well as advocates, developers, community planners, and local citizens – all of whom have a stake in how the state solves its housing crisis. An overview of the State's affordable housing legislative history and the planning process for developing the Five Year Plan are described below.

Legislative History

In 1991, Rhode Island's General Assembly passed the Low and Moderate Income Housing Act 45–53 (the "Low/Mod Act"). The General Assembly declared that:

> " … it is imperative that action be taken immediately to assure the availability of affordable, accessible, safe, sanitary housing for [low- and moderate-income persons]… that it is necessary that each city and town provide opportunities for the establishment of low and moderate housing…"

To encourage the development of affordable housing, this Act created an expedited process called the Comprehensive Permit. To qualify for a Comprehensive Permit, 20 percent of the units in the proposed development must be subsidized by either the state or federal government. The units must remain affordable to households with low and moderate incomes for at least 30 years. The Comprehensive Permit streamlined the permitting process by allowing a single application for a special exception to the local zoning board of review, thereby saving developers both time and money. Non-profit affordable housing developers and for-profit developers of rental housing were given access to the Comprehensive Permit.

The Act encouraged each municipality to reach a threshold of a least 10 percent affordable housing units; it allowed municipalities with 10 percent affordable units, or plans to reach 10 percent, the authority to deny Comprehensive Permit

applications. The State Housing Appeals Board was established to hear appeals from developers whose requests for permits were denied by a local zoning board. The State Housing Appeals Board's final decision could either override or uphold the local zoning board's ruling.

The 2002 amendment to the Low and Moderate Income Housing Act 45-53 changed the restrictions of the Comprehensive Permitting process to allow for-profit developers to develop affordable for-sale projects. This amendment resulted in local governments being inundated with new comprehensive permit applications for large developments, many of which included density increases. With applications for an estimated 5,000 units, including 1,000 affordable units, many communities were unable to adequately review the applications within the mandatory time period. Municipalities were concerned not only about the circumvention of local zoning, but also demands on existing infrastructure, land capacity and environmental protection issues.

In response to opposition of the 2002 amendment, the Rhode Island General Assembly passed a moratorium in February 2004 on all new applications from for-profit developers of affordable housing. The General Assembly also required municipalities with less than 10 percent affordable housing to develop detailed plans for achieving the 10 percent goal by December 31, 2004. At the same time it created a Low and Moderate Income Housing Task Force to study the problems with the Low and Moderate Income Housing Act and make recommendations to remedy the law. The result was a new law enacted in June 2004 that brings into balance the need for affordable housing with the need of municipalities to plan for it comprehensively. The 2004 law required:

- Developers applying for a Comprehensive Permit to include at least 25 percent low and moderate income housing;
- A land lease or deed restriction that restricts use as low or moderate income housing for not less than 30 years;
- Communities that have not achieved the 10 percent affordable housing goal to submit an Affordable Housing Plan by December 2004;
- The State's Housing Resources Commission, in conjunction with Statewide Planning, to develop a Five Year Strategic Housing Plan by July 2006 applicable to all municipalities that addresses housing needs of different populations;
- Municipalities to bring their Comprehensive Plans into conformity with the Five Year Strategic Housing Plan within one year of the incorporation of the Strategic Housing Plan into the state guide plan. If the municipality has adopted an affordable housing plan and it has been certified by the state, the

plan suffices for meeting strategic plan requirements until the town is due to complete its next Comprehensive Plan update.

- The Housing Resources Commission to recommend guidelines for higher density development to the State Planning Council, and Council must adopt no later than July 1, 2006.
- Statewide Planning to maintain a GIS map that identifies areas suitable for higher density residential development.

Substantial progress has been made on all of these requirements.

Governmental Structure

At the state level, three government agencies are coordinating the overall planning effort for the Five Year Strategic Housing Plan.

The **Rhode Island Housing Resources Commission (HRC)** is the planning and policy, standards, and programs division of the Rhode Island Housing Resources Agency established by Chapter 128 of Title 42 of the Rhode Island General Laws. It is an independent commission with 27 appointed members representing a wide range of housing constituents, from government to developers to advocates. HRC's mission is to provide housing opportunities for all Rhode Islanders, to maintain the quality of housing in Rhode Island, and to coordinate and make effective the housing opportunities of the agencies and subdivisions of the state. The Rhode Island Housing Resources Commission is charged to work in conjunction with Rhode Island Statewide Planning to develop the strategic plan for housing.

Rhode Island Statewide Planning Program (SPP) is charged with preparing and maintaining plans for the physical, economic, and social development of the state; encouraging their implementation; and coordinating the actions of state, local and federal agencies and private individuals within the framework of the state's development goals and policies. Chapter 42–11 of the 2004 Housing Act established housing production (rather than housing) as a functional element of the State Guide Plan.

Rhode Island Housing and Mortgage Finance Corporation (Rhode Island Housing) is Rhode Island's housing finance agency. Rhode Island Housing is responsible for overseeing the Federal Low Income Housing Tax Credit program. The 4 percent and 9 percent tax credits are the major source of funding for new affordable rental units. Rhode Island Housing also administers the HOME program, Thresholds, the Neighborhood Opportunity Program (NOP), Lead program funds, Housing Opportunities for Persons with AIDS, and other state and federal programs, providing a comprehensive approach to affordable housing finance. Since 1973, Rhode Island Housing has helped 175,000 low- and moderate-

income Rhode Islanders find houses and apartments they can afford. Their mission is to assist Rhode Islanders who, by reason of income, special need or circumstance, are unable to fairly obtain and sustain a healthy, affordable home. *For a summary of the various programs Rhode Island Housing administers, see Appendix B.*

New State Government Housing Positions. To emphasize the State's commitment to affordable housing, the Governor of Rhode Island created two new positions: an Associate Director for the Department of Administration, Division of Planning, will oversee Statewide Planning and Housing and Community Development, and a Chief of Housing and Community Development within the Department of Administration, who also serves as the Executive Director for the Housing Resources Commission. These two positions will be instrumental in implementing the Five Year Strategic Housing Plan.

Planning Process

The Comprehensive Housing Production and Rehabilitation Act of 2004 charged the Housing Resources Commission (HRC) in conjunction with Statewide Planning with the development of a Five Year Strategic Housing Plan.

The HRC's Office of Policy and Planning enlisted a Strategic Planning Work Group to advise on the development of plans and policies that will promote housing opportunities for all Rhode Islanders. This HRC Work Group represented a wide spectrum of state agencies, cities and towns, for-profit builders and developers, non-profit affordable housing developers, housing advocates, banks, and social services agencies.

Starting in April 2005, the Strategic Plan Work Group met monthly with the consultants who were procured to prepare the Plan. The meetings were held at various locations and times to maximize the ability of all interested parties to participate and contribute in this important planning process. Meetings were held in Providence at the Rhode Island Public Transportation Authority, in Lincoln at Bank Rhode Island, and in Cranston at the Department of Labor and Training.

Meetings were well attended with an average of 25 attendees at each, and have met the objectives of the established work plan timeline as follows:

Meeting Date	Topic
April 15	Vision for the Plan
May 24	Rhode Island Housing Needs
June 15	Rhode Island Development Capacity: Opportunities and Barriers
July 25	Land Management Tools
August 18	Financial Resources and Tools
September 30	Preliminary Recommendations and Strategies
October 14	Preliminary Recommendations and Strategies (cont.)
December 7	Finalize Policy Issues and Review Draft Plan

In addition to the Strategic Planning Work Group monthly meetings, separate meetings were scheduled with local municipal planners and with developers and the Rhode Island Builders Association. The Housing Resources Commission, at each of its quarterly meetings, provided input into the development of the Strategic Plan.

APPENDIX B
STATUS OF LOW AND MODERATE INCOME HOUSING BY COMMUNITY: 2004

2004 Low and Moderate Income Housing Chart

Updated 3/23/05

City/Town	2000 Census: Total Housing Units (minus seasonal units)	2004: Total LMI Units	2004: Overall Low/Mod %	Elderly					Family						Special Needs			
				Public Housing Elderly	RI Housing Elderly	HUD 202 Elderly	HUD Section 8 Elderly	Sub-Total: Elderly Units	Public Housing Family	RI Housing Family	RHS 515 Rental	HUD Section 8 Family	Other Family	Sub-Total: Family Units	Group Home Beds	Tran-sitional Units	HUD 811	Sub-Total: Special Needs Units
Barrington	6,137	95	1.55%		60			60		1				1	34			34
Bristol	8,575	476	5.55%	195	68	96		359		48				48	43	26		69
Burrillville	5,694	418	7.34%	76	113			189		198				198	31			31
Central Falls	7,264	837	11.52%	329	288	14		631		145		53		198	8			8
Charlestown	3,318	46	1.39%					0		6				6	40			40
Coventry	12,861	663	5.16%	196	81		126	403		213				213	46	1		47
Cranston	31,968	1,776	5.56%	592	700	57		1,349	41	34		168		243	159	25		184
Cumberland	12,536	735	5.86%	176	343	61		580		75		20		95	53	7		60
East Greenwich	5,182	226	4.36%		141			141	28	16				44	41			41
East Providence	21,236	2,288	10.77%	400	876	117		1,393	50	499		250		799	96			96
Exeter	2,158	29	1.34%					0		2				2	27			27
Foster	1,569	39	2.49%			*30		30						0	9			9
Glocester	3,644	80	2.20%			*62		62						0	18			18
Hopkinton	3,040	159	5.23%		23	114		137		3				3	19			19
Jamestown	2,428	103	4.24%	35	19	12		66		5		20	1	26	11			11
Johnston	11,526	947	8.22%	128	496	113		737	42	62				104	86	9	11	106
Lincoln	8,472	565	6.67%	246	120			366	6	136				142	57			57
Little Compton	1,516	2	0.13%					0		2				2	0			0
Middletown	6,152	548	8.91%		50	49		99		364				364	70		15	85
Narragansett	7,124	196	2.75%	2	104			106	10	59	4			73	8	9		17
Newport	12,368	2,150	17.38%	230	56	147		433	856	345		324		1,525	59	133		192
New Shoreham	497	36	7.24%					0		11	16	1	8	36	0			0
North Kingstown	10,477	851	8.12%		100		70	170		400		150		550	48	73	10	131
North Providence	14,793	1,059	7.16%	131	791			922	14					14	87	6	30	123
North Smithfield	4,058	263	6.48%		140	*75		215					14	0	48			48
Pawtucket	31,748	2,642	8.32%	629	594	114	14	1,351	456	662				1,118	133	4	36	173
Portsmouth	7,005	168	2.40%	40	94			134		17				17	17			17
Providence	67,572	9,550	14.13%	1,129	2,288	610	331	4,358	1,511	2,298		564		4,373	327	412	80	819
Richmond	2,592	65	2.51%					0		20				20	45			45
Scituate	3,882	39	1.00%	24				24						0	15			15
Smithfield	7,354	335	4.56%	50	194			244		4				4	86	1		87
South Kingstown	9,565	494	5.16%	18	114	99	32	263	52	78				130	95	6		101
Tiverton	6,283	239	3.80%	45	24	51		120		68				68	51			51
Warren	4,889	224	4.58%	153				153				7		7	35	19	10	64
Warwick	36,592	1,935	5.29%	483	1,021	153		1,657	36	91				127	137	14		151
Westerly	9,888	517	5.23%	110	249			359	14	66	22			102	51	5		56
West Greenwich	1,787	33	1.85%					0		19				19	14			14
West Warwick	13,115	1,007	7.68%	250	267	136		653		287				287	49	6	12	67
Woonsocket	18,745	3,039	16.21%	666	589	43		1,298	625	864		84		1,573	103	16	49	168
STATE	425,610	34,874	8.19%	6,333	10,003	2,153	573	19,062	3,741	7,098	42	1,641	23	12,545	2,256	772	253	3,281

Public Housing are rental units owned & administered by local public housing authorities. RI Housing units include Low Income Housing Tax Credit rentals, HOME (rental and homeownership), development loans, project-based Section 8 rental units and State Rental Assistance Program units administered by RI Housing. * RHS 515 are rental units funded through the Rural Housing Service. HUD Section 8 are project-based rental subsidies, not portable tenant vouchers. HUD 202 and 811 are rental funding programs for the elderly and disabled, respectively. Group Home beds are residential facilities licensed by the state DCYF and MHRH agencies. Towns shaded in black have low- and moderate-income units in excess of 10% of all housing units. Towns shaded in gray have at least 5,000 occupied rental units that comprise at least 25% of all housing units, and the town's low- and moderate-income rental units exceed 15% of the occupied rental units.

Number of Low/Mod. Housing Units Needed
by Municipality to Reach Low/Mod Income Housing Act 10% Goal, 2004

Source: RIH City/Town	2000 Census: Total Housing Units (minus seasonal units)	2004: Total LMI Units	Units needed to achieve 10%
Barrington	6,137	95	519
Bristol	8,575	476	382
Burrillville	5,694	418	151
Central Falls	7,264	837	0
Charlestown	3,318	46	286
Coventry	12,861	663	623
Cranston	31,968	1,776	1,421
Cumberland	12,536	735	519
East Greenwich	5,182	226	292
East Providence	21,236	2,288	0
Exeter	2,158	29	187
Foster	1,569	39	118
Glocester	3,644	80	284
Hopkinton	3,040	159	145
Jamestown	2,428	103	140
Johnston	11,526	947	206
Lincoln	8,472	565	282
Little Compton	1,516	2	150
Middletown	6,152	548	67
Narragansett	7,124	196	516
Newport	12,368	2,150	0
New Shoreham	497	36	14
North Kingstown	10,477	851	197
North Providence	14,793	1,059	420
North Smithfield	4,058	263	143
Pawtucket	31,748	2,642	533
Portsmouth	7,005	168	533
Providence	67,572	9,550	0
Richmond	2,592	65	194
Scituate	3,882	39	349
Smithfield	7,354	335	400
South Kingstown	9,565	494	463
Tiverton	6,283	239	389
Warren	4,889	224	265
Warwick	36,592	1,935	1,724
Westerly	9,888	517	472
West Greenwich	1,787	33	146
West Warwick	13,115	1,007	305
Woonsocket	18,745	3,039	0
STATE	425,610	34,874	12,833

APPENDIX C
RHODE ISLAND HOUSING PROGRAMS

Rhode Island Housing, as the State's housing finance agency, administers state and federal funds targeted for affordable housing; providing a comprehensive approach to affordable housing finance. The specific programs administered by Rhode Island Housing are summarized on the following pages.

RHODE ISLAND HOUSING
AND MORTGAGE FINANCE CORPORATION

Slide 7, Income & Affordability

Summary of Funding Sources for the Development of Affordable Housing

	RENTAL PRODUCTION PROGRAM	HOME PROGRAM	NEIGHBORHOOD OPPORTUNITIES PROGRAM: NOP & BBC	THRESHOLDS PROGRAM	SUPPORTIVE HOUSING PROGRAM (SHP)	LAND BANK PROGRAM	LEAD-BASED PAINT ABATEMENT	PRE-DEVELOPMENT LOANS
Eligible Activities	Acquisition, rehabilitation and new construction of rental affordable housing.	Acquisition, rehabilitation and new construction of affordable housing-rental and homeownership. Also Tenant-Based Rental Assistance	Acquisition, construction, rehabilitation of affordable rental housing for the disabled and very low income families. Building Better Communities funds homeownership, mixed use & non-residential development.	Assistance to increase supply of suitable (independent, integrated, supervised, congregate) rental housing for people with chronic mental illness	Acquisition, rehabilitation, new construction, and leasing of units, to provide permanent housing for homeless persons also supportive services associated with moving homeless persons to permanent housing	RIH acquires and holds property (including vacant land) for up to 12 months while non-profit developer assembles financing. To retrieve property non-profit pays acquisition and carrying costs.	Provides assistance to reduce lead-based paint hazards in residential properties	Provides funds to gain site control and to determine feasibility of developing affordable housing.
Eligible Costs	Hard and soft costs	Hard and soft costs, relocation.	NOP: Hard and soft costs ($20,000/unit) costs and operating subsidies (for 10 years). BBC: Hard and soft costs.	Acquisition, new construction, rehabilitation; pre-development loans for site control and fees	Acquisition, rehabilitation, construction, leasing, operating and administrative costs and supportive services	Acquisition	Interior and exterior painting, window replacement and soil work	Securing options on real estate, real estate deposits. Origination and development professional fees, permits, etc.
Forms of Assistance	Loans & deferred loans; allocated tax credits	Grants, loans	Grants and loans	Capital development grants and pre-development loans	1 year grants for rehab, acquisition. Grants up to 3 years for services and operating .	RIH acquires and holds property for one year.	Deferred loans payable when property is sold or transferred. Interest rates vary.	Deferred loans due at closing of construction or permanent financing.
Eligible Applicants	Non-profits and for-profits	Non-profits, for profits, Cities & Towns, Public Housing Authorities	Non-profits, for profits, Cities & Towns, Public Housing Authorities	All housing sponsors	All sponsors whose mission is to move homeless persons to permanent housing and maximum self-sufficiency	Non-profit agencies	Homeowners and non-profit organizations. Landlords with no more than 12 units.	Non-profit organizations.

	RENTAL PRODUCTION PROGRAM	HOME PROGRAM	NEIGHBORHOOD OPPORTUNITIES PROGRAM: NOP & BBC	THRESHOLDS PROGRAM	SUPPORTIVE HOUSING PROGRAM (SHP)	LAND BANK PROGRAM	LEAD-BASED PAINT ABATEMENT	PRE-DEVELOPMENT LOANS
Income Restrictions	40% of units to households at 60% AMI (or lower) 20% of units to households of 50% AMI (or lower)	Incomes of all beneficiaries cannot exceed 80% of area median income. Renters' incomes cannot exceed 60% ami.	NOP: Beneficiaries' incomes cannot exceed 40% of area median income at time of lease-up. BBCF: Homeownership beneficiaries/ income cannot exceed 120% AMI.	Referral for housing must come from an authorized contact at the mental health agency.	Beneficiaries must be homeless or at risk of homelessness.		Income restrictions apply to owner-occupants. Tenant rents cannot exceed Fair Market Rent	Housing beneficiaries must be low income (not exceeding 80% of state median income).
Affordability Period	30-years minimum	Determined by amount of HOME funds invested per unit; minimum of 5 yrs.	20 years	30 years; 40 years for 811 developments	20 years for housing		Owners must agree to maintain lead-safe status	Funds loaned for up to 24 months.
Amount of Assistance	Dependent upon number of affordable units to be developed.	Minimum of $1,000 per unit. Limit of $500,000 per sponsor per year.	NOP: $20,000 per unit for capital costs, gap operating subsidy for at least 10 years. 50% of total project cost must be leveraged from other sources.	Up to $25,000 for the pre-development loan. Per unit-cost, adjusted for size, for capital development. $2,000 incentive for each integrated unit.	Limit of 50% on acquisition, rehab/new construction.	Acquisition and carrying costs.	Dependent upon amount of lead reduction work needed.	Dependent upon number of affordable units to be developed.
Prohibited Activities		Assistance to emergency shelters, and non-residential property or portion of property. Emergency repairs on substandard properties. Assistance during affordability period.	Assistance to shelters, transitional housing and publicly owned facilities.	Assistance to anyone other than the chronically mentally ill.	Assistance to emergency shelters and non homeless		Not a remodeling program. Properties must be free of all non-lead code violations.	Funds can be used only for those units that will benefit low-income families and individuals.
Application	Competitive, once a year, October	Competitive; twice yearly usually January and June.	Competitive, as announced.	Continuous application process.	Annual competitive application process.	Continuous application process	Continuous application process.	Continuous application process
Contact Person	Erin Reedy 401-457-1216 ereedy@ rihousing.com	Paula Coleman 401-457-1134 pcoleman@ rihousing.com	Carol Ventura 401-457-1129 cventura@ rihousing.com	Diane Dwyer 401-457-1175 ddwyer@ rihousing.com	Lisa Robinson 401-457-1113 lrobinson@ rihousing.com	Peter Calo 401-457-1288 pcalo@ rihousing.com	Chris Gorham 401-457-1353 cgorham@ rihousing.com	Peter Calo 401-457-1288 pcalo@ rihousing.com

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Year Strategic Housing Plan.

APPENDIX D
DEVELOPMENT GUIDELINES

To achieve the housing goals of Rhode Island's Five Year Strategic Housing Plan, a number of strategies and actions have been recommended including increasing density and encouraging mixed-use development. In addition, because a number of Rhode Island communities intend to adopt inclusionary zoning ordinances, the Five-Year Strategic Housing Plan includes recommendations for ensuring that these ordinances are effective. The guidelines included here provide the tools necessary to implement these actions and the flexibility to adapt these tools as required by each community.

These guidelines also fulfill the requirements of Section 42–128–8.1 of the "Comprehensive Housing Production and Rehabilitation Act of 2004," which required the adoption of guidelines for higher-density development and mixed-use development by the State Planning Council not later than July 1, 2006.

The goal of these guidelines is to stimulate compact development, increase the supply of affordable housing, and preserve scarce resources and land. Successfully meeting this goal will require higher densities, proper siting for affordable housing and changes in zoning. The technical guidelines that follow are provided by the State to assist communities in their land use oversight role and in developing and adopting local ordinances that are effective.

- The **Siting Guidelines** provide suggestions for where and where not to locate affordable housing.
- The **Density Guidelines** include guidelines for different types of development. The Urban Density Guidelines Matrix provides descriptions and important visual representations of multifamily density ranges for urban centers, urban corridors, metropolitan corridors, town/village centers, and transit-oriented developments at urban centers and at commuter rail stations. The Rural Village Center Density Matrix provides descriptions and examples of housing for areas with no access to public sewer.
- The **Mixed-Use Guidelines** provide guidance on how to integrate housing above existing retail or offices as was once common in village and town centers, thereby creating mixed-use districts. They also provide guidelines for encouraging new mixed-use developments adjacent to other built-up areas such as town centers, village areas, and corridors as well as new and existing job

centers, thereby providing opportunity for linking housing to economic development.

- The **Inclusionary Zoning Guidelines** provides recommendations for the development of inclusionary zoning ordinances that reserve a specific percentage of residential units as affordable in exchange for incentives such as a density bonus.

These guidelines provide information, recommendations and examples. However, the intent of these guidelines is to provide enough basic information so that each community can then creatively adapt the tools to fit their needs in meeting local housing requirements.

Guidelines for Siting Affordable Housing

To keep Rhode Island economically competitive within the New England region, affordable and workforce housing development must be embraced by all communities and recognized as an economic asset. In addition to the economic benefits of increasing the affordable housing supply, leveling the existing job-housing imbalance will result in quality of life and environmental improvements that are consistent with Smart Growth principles. Proper site planning can decrease auto-dependency and congestion, while making each community more robust economically with a workforce supply near employers and commercial/business centers.

Locate Affordable Housing Near Community Assets

Locating affordable housing near community assets can decrease capital costs and improve the workforce/employment proximity by increasing density near existing business, commercial, and mixed-use zones. Proper location of affordable housing can turn commercial/business zones into "new urbanism" style growth centers with long-term economic rewards. Affordable housing development should be encouraged near assets such as:

- Sewer infrastructure (existing or planned)
- Public transportation (existing or proposed)
- Commercial and retail centers (for shopping and employment)
- Business zoning (enabling mixed-use developments)
- Parks and recreation (for active and passive recreation)
- Schools and supportive services
- Services including churches, temples, civic centers, medical facilities, etc.
- Market-rate housing, to create mixed-income communities

Discourage Housing Development on Sites with Constraints

Communities should recognize affordable housing as an economic asset and site it appropriately, integrating it within all residential zones. Communities should avoid locating affordable housing on sites with these constraints:

- Intense heavy industrial areas where residential development is unsuitable for environmental reasons
- Undesirable locations (i.e. near high-tension power lines, landfills, etc.)
- Poor topography and critical environmental areas (i.e. floodplains, wetlands)

Density Guidelines

Density refers to the number of units that may be constructed within a particular unit of land area, for example units per acre. Land use regulation pertaining to setbacks, lot coverage, building height, and parking requirements impact the potential for higher levels of density in a particular development. Higher densities can increase housing affordability, stimulate economic development, reduce community-wide infrastructure costs, increase neighborhood walkability that in turn limits the need for excess vehicular travel, and preserve open space.

Densities in Rhode Island, outside of the cities, for single-family housing range from low densities of one unit per five acres to one unit per acre. One unit per acre is typical in much of Rhode Island. According to the Draft Statewide Land Use Plan, Rhode Island is developing land nine times faster than population growth, in large part because of new low-density residential development. Residential land use increased 55 percent over the last 25 years, when four units of housing were added for every one additional unit of population. Most of this land development has occurred in rural parts of the state.

This type of development is costly to communities because of the need for additional roads, sidewalks, drainage, and services including schools and police protection without the critical mass of population to pay for the infrastructure and services. The second impact, which most severely impacts affordable housing, is the increased cost of land. Increasing densities in these areas is a tool to reduce the cost of housing by reducing the cost of land per housing unit.

In more developed areas, such as the suburbs outside of the central cities, one acre lots are still common. The cities generally have smaller lot requirements for single-family housing; however, multifamily zoning in many cities and towns served by water and sewer promote lower density than the land can accommodate.

Increasing density is a common tool for promoting sound land use development and compact growth and bringing people closer to their jobs, as well as lowering the cost of development. The major concern of increasing density is change in community character. Educational efforts made over the past year to change lingering misconceptions about higher density should continue in order to give the public a better understanding of what higher density development can be if properly designed and sited.

Density Matrices

Two density matrices have been developed as guidelines. The Urban Density Matrix addresses multifamily zoning and acts as a guideline for density of development within population centers of various sizes that have infrastructure resources such as public water, sewer service, and transportation linkages. This matrix defines a development setting such as an urban center or metropolitan corridor and identifies examples of the development setting in Rhode Island. An appropriate range of units per acre is suggested along with several photographic examples that visually represent each suggested density range.

The Rural Village Center Density Matrix addresses centers in rural areas without access to public sewers. This matrix also presents a variety of images of multifamily housing units with the appearance of single-family homes, as well as images of compact developments that are appropriate for creation of inclusionary housing in low density zoning districts. Suggested densities are based on availability and source of water, soil quality, and type of housing to be built.

Recommendations

The two sets of density recommendations have been provided to serve as a guide for communities. One applies within the Urban Services Boundary (as defined by the State Land Use Plan) to areas served by public water and sewer, and the second, to centers within the remainder of the state in areas not served by public sewer. To achieve the benefits of higher density development, such as creating additional affordable housing opportunities and preserving the local community's financial and natural resources, will require communities to reassess their land use patterns and current zoning. Communities may then amend their comprehensive plans, zoning ordinances, and subdivision regulations to reflect the level of density that best meets their community needs.

All development should take into account infrastructure availability, soil type and land capacity, environmental protection, water supply protection, agricultural and open space, historical preservation, and community development pattern constraints. Higher density must also take into consideration adjacent land uses, soil

quality, availability of water, and the density of the overall watershed. Actual density will depend on the specific site location.

Urban Density Guidelines Matrix

The following classifications are located in Urban Service Areas as defined in the Statewide Land Use Plan, and are served by public water and sewer.

Urban Centers

Unit per Acre 60-170

An urban center is a large and densely populated urban area with a civic, social and cultural infrastructure. It is zoned for mixed use residential, groundfloor retail and business and also provides open space for public and private uses. It is easily walkable or accessible through various modes of public and personal transit. Examples of urban centers include Downtown Providence, Newport and Pawtucket.

77 units per acre

84 units per acre

125 units per acre

Urban Corridors

Unit per Acre 40-80

An urban corridor serves as a main thoroughfare in a densly populated area. It has the civic and cultural elements of an urban community and contains infrastructure for retail, business and residential use. Examples include Elmwood Ave. and Broad St. in Providence and North Main St. in North Providence.

44 units per acre

62 units per acre

66 units per acre

Metropolitan Corridors

Unit per Acre 20-40

A metropolitan corridor, may be located in a suburban area, is less densely populated and though it has the infrastructure for retail, business and residential use, it generally carries more height restrictions. Examples of this include Reservoir Ave. and Park Ave. in Cranston, Warwick Ave. in Warwick, Post Rd. in North Kingstown and Newport Ave. in Pawtucket and East Providence.

28 units per acre

28 units per acre

34 units per acre

Town Centers
Unit per Acre 15-30

A town center is a traditional downtown at a smaller scale, where a town's civic, commercial and social infrastructure is concentrated. In Rhode Island, it is characterized by first floor retail and under utilized upper stories. It is zoned with greater height restrictions. Facilities are situated within walking distance of private residences. Examples of this include Warren, Bristol and East Greenwich

18 units per acre

19 units per acre

23 units per acre

Village Centers
Unit per Acre 8-15

A village center is smaller than a town center, and will generally have first floor retail and offices frequently with upper story residential. Private residences are within close proximity. Examples include Lonsdale, Conimicut, and Peacedale.

11 units per acre

13 units per acre

15 units per acre

Transit Oriented Developments Urban Centers
Unit per Acre 60-150

A TOD in an urban center concentrates developments around existing downtown areas, adjacent to a commuter rail, maximizing access by transit and non-motorized vehicles. Urban centers normally have the infrastructure for intermodal transportation, allowing convenient access to rail and bus lines as well as parking structures. Zoning will emphasize mixed-use development which encourages and facilitates walkability. Locations include Downtown Providence and Pawtucket.

Transit Oriented Developments around Commuter Rail Stops
Unit per Acre 30-50

A TOD around commuter rail stops is a transportation hub surrounded by relatively high-density development with progressively lower-density spreading outwards. New TODs may be developed around planned commuter rail stops in Rhode Island. TOD town centers may have a transit station and a few multi-story commercial and residential buildings surrounded by several blocks of townhouses and small-lot single-family residential. Zoning will emphasize mixed-use development. Potential locations include East Greenwich, Warwick Station, and Westerly.

Rural Village Center Density Matrix

Matrix based on generalized goals for areas with no access to public sewer; lots will use ISDS* or I/A - Innovative Alternative Septic System

Conservation subdivisions and compact development are encouraged.

Actual density will depend on site specific location.

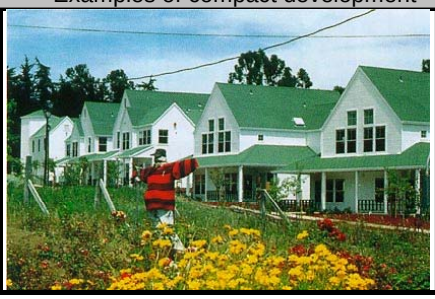
Site must take into consideration adjacent land uses, soil quality, availability of water, and the density of the overall watershed.

		Single Family Housing (Average 3 Bedroom Units)	Multifamily Housing (Average 2 Bedroom Units)
Private Well	**Fair to Good Soil or I/A***	1 to 2 units / acre (20,000-40,000 sq.ft)	
	Excellent Soil	2 units / acre (20,000 sq.ft)	
Public Water (includes public water systems and wells serving more than 25 people)	**Fair to Good Soil**	2 to 4 units / acre (15,000-20,000 sq.ft)	4 to 10 units/acre
	Excellent Soil	5 to 6 units / acre (7,000-10,000 sq.ft)	Best suited to large building to allow septic field

The following images are examples that will enhance inclusionary zoning or more compact development in low density zoning districts

Examples of multiple units with a single family appearance

Examples of compact development



*ISDS - Individual Sewage Disposal System

The images used in the matrices were obtained from the following sources:

Kathleen Dorgan & Deane Evans, "Best Practices in Affordable Housing"
www.mbta.com/
www.designadvisor.org
www.designcenter.umn.edu
www.transitorienteddevelopment.org

Mixed-Use Development Guidelines

Mixed-use development is an increasingly popular approach to both Smart Growth and the provision of affordable housing. Mixed-use is development that includes a variety of uses, such as retail, single family, and multifamily. Much of the housing in mixed-use development is typically affordable because of its higher density. It can result in increased density, reduced sprawl, reduced congestion, and improved walkability of communities.

Some guiding principles for mixed-use development include:

- Mixed-use developments should include a wide variety of housing types to address the needs of residents at all income levels. At least 10-20 percent of units should be affordable.
- Long-term affordability of the affordable units should be maintained through a deed restriction, community land trust, or other mechanism.
- Where feasible, mixed-use developments should offer a mix of affordable rental units as well as opportunities for affordable home ownership.
- Communities should provide density bonuses for commercial space for mixed-use developments that include affordable housing. Communities should also consider providing an additional density bonus for developments that set aside a share of the land area as permanent open space or other public amenity.

Mixed-use development should be encouraged in both existing centers and in new development.

Mixed-Use in Village Centers/Town Centers/Downtowns

Mixed-use development with a residential component above retail or office use is encouraged in village centers, town centers, and downtowns. Residential development on upper floors will result in better utilization of existing buildings in already developed areas. Corridors served by existing infrastructure are a resource for increased density and residential use with access to services. In addition to the affordable housing principles provided above, the following guidelines apply to infill mixed-use developments in village and town centers:

Mixed-Use Districts

- Cities and towns should amend zoning ordinances to allow Mixed-Use Districts with upper use residential in existing buildings and in infill buildings in downtowns, village centers and along corridors.

- Communities may need to make changes to current zoning to allow for higher densities in the residential portion of the mixed-use development than would otherwise be allowed.
- In downtowns and village town centers, communities should require infill construction with a commercial component to have a second story.
- Communities may relax other restrictive use regulations to accommodate infill development and adaptive reuse for residential purposes in Mixed-Use Districts.

Other Considerations

- Communities may need to allow flexibility in parking regulations for residents of mixed-use developments and permit overnight parking that may otherwise not be allowed.
- Parking required for mixed-use developments may be reduced if it can be shown that night-time residential parking can be shared with day-time commercial parking.
- Communities should actively coordinate with RIPTA to assure that proposed mixed-use developments or any additional affordable housing developed in Mixed-Use Districts will be adequately served by public transportation.
- Where appropriate in rural villages and traditional neighborhoods, communities should eliminate set back requirements to allow street front development and minimize lot sizes to allow for more affordable units in mixed-use developments.
- Communities should streamline the permit processes for mixed-use development including affordable units.

New Mixed-Use Development

New mixed-use developments are encouraged adjacent to built-up areas such as town centers, village areas, and growth corridors as well as existing job centers. New mixed-use developments should explicitly link affordable housing and economic development:

- As communities seek to attract jobs through industry and retail development they should also encourage an affordable housing component to house workers.
- Communities should discourage isolated industrial development but seek to link job creation with affordable workforce housing.
- Communities should review land zoned for industrial purposes and consider amending zoning ordinances to allow residential uses to be located in close proximity to job opportunities.

- Communities may seek out private commercial and industrial firms to partner with not-for-profit and for-profit developers willing to create mixed-use communities with an affordable housing component. Such communities could be created either by developing a complete project on an undeveloped area adjacent to already developed land or by adding the necessary land use components to an already existing developed area to create a mixed-use community.
- Mixed-use development may contain a balance of housing, retail, office, industrial, and educational uses.

Inclusionary Zoning Guidelines

Inclusionary zoning or inclusionary housing is the establishment of zoning regulations by local jurisdictions to reserve a specific percentage of residential units affordable for lower and moderate-income households in new residential developments. Most successful inclusionary zoning ordinances provide incentives for affordable housing development, such as a density bonus, as well as financial subsidies.

The principal purpose of inclusionary zoning is to increase the supply of affordable housing in conjunction with market rate housing. Benefits of inclusionary housing policies also include the creation of income-integrated communities, reduced sprawl, the opportunity for people who work in the community to also live in the community, and the ability for a community to balance its housing supply for people of all income levels. In addition, inclusionary zoning can be used as a tool by communities to help meet the State's mandate on affordable housing. These strategies may be less effective in very low-density areas.

The *amended Zoning Enabling Act,* R.I. Gen. Law 46–24–46.1, requires that an inclusionary housing section of a zoning ordinance address the following:

- Affordable housing, as defined by the Act in subsection 42–128.81(d), is constructed.
- A minimum of 10 percent of the total units in the development must comply with the above-cited affordable definition of the Act.
- The affordable units must remain affordable for a period of not less than 30 years from initial occupancy enforced through a land lease and/or deed restriction.

The following Inclusionary Zoning Guidelines are intended to assist communities in understanding the specific policy issues that need to be addressed in crafting an effective zoning ordinance that responds to the needs and priorities of each community.

Guidelines for Development

Threshold Size

The minimum project size to which inclusionary zoning policies are applied should be large enough to ensure financial feasibility. The threshold size is the minimum project size above which inclusionary zoning policies are applied. Minimum thresholds are set to contribute to the financial feasibility of the requirements for affordable units. Regionally and nationally, threshold sizes for new developments range from a low of five units to a high of 30 units. Rhode Island enabling legislation classifies two types of subdivision: major (6 or more units) and minor (five or fewer units). To date, most Rhode Island communities make their inclusional zoning ordinances applicable to major subdivisions. In some cases, large redevelopment projects (i.e., 10 acres or 50+ units) will also trigger an inclusionary requirement.

> ***Recommended guideline:*** *A proposed development of six units is suggested as the minimum threshold for which the inclusionary zoning ordinance is applied towards subdivisions or land development as well as to developments of for-sale and rental units.*

Percentage Set-Aside

The percentage of affordable units to be included in new development is a function of both need and strength of the local housing market. It should be based on the density bonus and income target. After making an assessment of the housing needs of the local community, the inclusionary zoning ordinance will specify the set-aside number for affordable units, in accordance with the State's definition of affordability R.I. Gen. Law 42–128.81(d). Specific to the set-aside, R.I. Gen. Law 46–24–46.1 requires that an inclusionary housing section of a zoning ordinance must require a set-aside of no less than 10 percent of the total units. Regionally and nationally, inclusionary zoning ordinances have required developers to set aside 10–25 percent of their new housing developments as affordable.

> ***Recommended guideline:*** *While state law requires 10 percent as the minimum set-aside in inclusionary zoning ordinances, it is suggested that local jurisdictions consider a higher affordability set-aside when drafting an ordinance. A higher set-aside requirement should be off-set with a higher density bonus.*

Density Bonus

Density bonuses are an essential component of an inclusionary zoning ordinance to help subsidize the financial feasibility of the affordable units. A density bonus allows the developer to construct a certain number of additional units beyond what

is normally allowed under the current zoning ordinance in exchange for providing a specified number of affordable units.

> ***Recommended guideline:*** *Setting the density bonus as a fixed ratio to the adopted set aside number can serve as an attractive incentive for developers. In this case, the density bonus percentage offered must be higher than the set-aside percentage. For example, a 15 percent affordability set-aside requirement would be rewarded by a 20-25 percent density bonus. Density bonuses could also be offered in a tiered fashion dependant upon the level of affordability provided, with a higher percentage bonus offered for provision of low income units and a lower bonus for moderate income units. It should be acknowledged that density bonuses must be high enough to offset the cost of development of the affordable units. In addition, developers can be allowed an opportunity to negotiate higher density bonuses for an increase in the affordable unit set-aside.*

Mandatory vs. Voluntary

Mandatory zoning is recommended where there is sufficient density allowed to feasibly develop mixed income and where there is "safe harbor" or alternatives for sites where inclusionary zoning is not financially or physically feasible. The majority of communities, regionally and nationally, that have adopted inclusionary zoning ordinances have made them mandatory requirements, administered as an integral step in the development process. Mandatory ordinances have been shown to be more effective in producing affordable housing units. Most inclusionary programs are mandatory but allow flexibility in the manner in which requirements are met. Typically, binding inclusionary commitments must be made when a developer or builder seeks sub-division plat approval or issuance of building permits.

> ***Recommended guideline:*** *If communities choose to use inclusionary zoning as a tool to produce affordable house, the inclusionary zoning requirements should be mandatory for all proposed new developments and large redevelopments that meet the adopted minimum project size.*

Location and Appearance of Units and Type of Housing Stock

Quality design is a critical component of mixed-income developments. Constructing affordable units that are similar in outward appearance and distributed throughout the development contributes to cohesiveness in the physical appearance of a community, and avoids isolating or stigmatizing residents of affordable units.

> ***Recommended guideline:*** *The needs of the community and the local housing market will determine the type and design of proposed development, but the inclusionary zoning ordinance should implement guidelines that require affordable units to be similar in outward appearance to market rate units in the*

community. To allow flexibility developments may include a mix of housing types and lot sizes, such as single-family units, duplexes, triplexes, and quadraplexes.

Timing of Development

In drafting an inclusionary zoning ordinance, it is important for local jurisdictions to pay attention to the timing of the construction of affordable housing units in proposed developments. Whether due to availability of financing, community opposition or any number of possible challenges, the development of affordable units is sometimes delayed. The inclusionary zoning ordinance can provide guidance on when affordable units should be constructed. In addition, the inclusionary zoning ordinance can stipulate penalties as a result of undeveloped affordable units.

> ***Recommended guideline:*** *The inclusionary zoning ordinance may stipulate an upfront commitment from developers to create affordable units in a timely manner. This can be achieved through the use of bonds or the requirement of phased construction plans, encouraging developers to construct affordable units either before or concurrent with market rate units.*

Cost Offsets

There are several ways of reducing the costs of a development to enable the construction of affordable housing, in addition to density bonuses. For example, developers may be allowed to request waivers from development standards or impact fees.

> ***Recommended guideline:*** *A local community can provide waivers of impact fees, reduced parking requirements, a streamlined permitting process, and other incentives in addition to density bonuses to enhance the feasibility of the affordable units.*

Alternatives to On-Site Development

Although the techniques presented in this section provide possible alternatives to on-site construction of affordable housing units required under inclusionary zoning, communities should be sensitive to the goal of providing affordable housing in mixed-income communities. Specifically, communities should be careful to avoid concentrations of lower-income residents that can result in physical and economic

isolation including poor access to jobs and community services. Economic diversity is critical to healthy neighborhoods and communities.

Off-site Construction

The goal of inclusionary zoning is to make affordable units available throughout the community in subdivisions, condominium developments, and multifamily buildings. If a developer proves to the Planning Board that the provision of units on site is infeasible due to environmental constraints or financial considerations, the developer may be allowed to provide the affordable units off site.

> ***Recommended guideline:*** *A principal goal of inclusionary zoning is the creation of affordable housing and mixed-income communities. For this reason, developers should be encouraged to construct affordable housing units on-site with market rate units. If the Planning Board has determined that the construction of affordable units in a proposed development is infeasible, it is recommended that the inclusionary zoning ordinance allow for off-site construction.*

In Lieu of Fees

Another alternative to providing on site units is to allow the developer to pay "in lieu of fees" dedicated to affordable housing to the town or an Affordable Housing Trust Fund. Some ordinances require developers to show that constructing affordable units would constitute a unique hardship, or that a fee would produce a greater benefit.

> ***Recommended guideline:*** *As a principal goal of inclusionary zoning is to increase the production of affordable housing, an in-lieu of fee may be included in the inclusionary zoning ordinance as an option to developers who are able to demonstrate that it would not be possible to construct affordable units either on-site or off-site. Each community should adopt a schedule of in-lieu of fees that is based on a sound methodology, such as a percentage of the appraised value of the market-rate units. The fee should not exceed the difference between the cost of development and the sales price for an affordable unit.*

Land Dedication

A third alternative to providing on-site units is to allow the developer to substitute a donation of land suitable for development that can accommodate affordable units in place of constructing the units. This might be applied for example to developers who only subdivide the land and sell off individual lots, but do not construct homes.

Ordinances may require the developer to show that constructing the affordable units would constitute a unique hardship.

> ***Recommended guideline:*** *Land dedication can be used in communities with high land prices, where land constitutes a significant portion of the total cost of providing affordable units. When used, land dedicated for affordable units should accommodate a greater number of affordable units than the developer would otherwise have been required to build. However, as noted above, communities should take care to avoid concentrations of housing units designated for lower-income residents.*

Guidelines for Affordability and Monitoring

Income Groups to be Served

"Affordable housing," as defined by RI General Law 42–128–8.1, means residential housing that has a sales price or rental amount that is within the means of a household that is moderate income or less (less than 120 percent of Area Median Income). In the case of dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes, which may be adjusted by state and local programs for property tax relief, and insurance constitute no more than 30 percent of the gross household income for a moderate income household. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30 percent of the gross annual household income for a household with 80 percent or less of Area Median Income (AMI), adjusted for household size.

> ***Recommended guideline:*** *While the State requires that a local jurisdiction's inclusionary zoning ordinance comply with the State's definition of affordability, it is suggested that the income ranges targeted in local zoning ordinances be consistent with the needs identified in the community's housing plan. For example, although homeownership units could target households earning as much as 120 percent AMI, the community's housing plan may indicate that units targeting a mix of incomes from 60-80 percent AMI may be more appropriate. Additional density bonuses can be used as an incentive to target lower-income owners.*

Duration of Affordability

In accordance with R.I. Gen. Law 46–24–46.1, the minimum time period for affordability maintenance is 30 years. Certain legal mechanisms such as deed restrictions and covenants can be used to guarantee that units remain affordable for that time period. Another mechanism to assure long-term affordability is to place the land in a community land trust where a non-profit land trust owns the land.

This can assure a longer affordability period of 99 years. In many instances, developers have provided municipalities (or housing authorities or other monitoring agent) with an option to purchase or a right of first refusal at resale. This ensures an opportunity for continued participation by the community in the resale process and an opportunity to monitor resale prices.

> ***Recommended guideline:*** *While the State mandated a minimum affordability period of 30 years, the local jurisdiction may set a goal of establishing a period of affordability which extends in perpetuity—which may be defined, for example, as meaning the useful life of the building, the life of the land use controls or a finite period of time, typically 99 years—with resale provisions tied to the for-sale units. Another technique is to require that the affordability period (30 or 40 years) be restarted upon each subsequent re-sale. The inclusionary zoning ordinance can directly stipulate a right of first refusal or option to purchase the affordable unit at resale by a designated agency. A deed restriction can be attached to the deed of each affordable unit, setting forth affordability parameters, including how the maximum resale price is to be determined and what entity has a right of first refusal or an option to purchase the affordable unit at resale. Use of a community land trust will also ensure long-term affordability of units.*

Monitoring of Long-Term Affordability

Monitoring is important to assure continued compliance with the initial affordability requirements. Under state law, RI Housing is responsible for establishing a list of approved monitoring agents for low- and moderate-income housing developed through comprehensive permits. State or federal housing programs often designate a monitoring agent as well.

> ***Recommended guideline:*** *The local community should select an agent approved to monitor the affordable units for long-term compliance from RI Housing's list of approved monitoring agents , which may include local housing authorities, RI Housing, the State Community Housing Land Trust, or the state or federal agency providing subsidies.*

APPENDIX E
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