



— Update to the
Commission on Housing Affordability

February 15, 2024

RHODE
ISLAND

Agenda

- Overall SFRF housing progress
- Recent Integrated Housing Report & Statewide Housing Plan
- Updates on Furman Center study

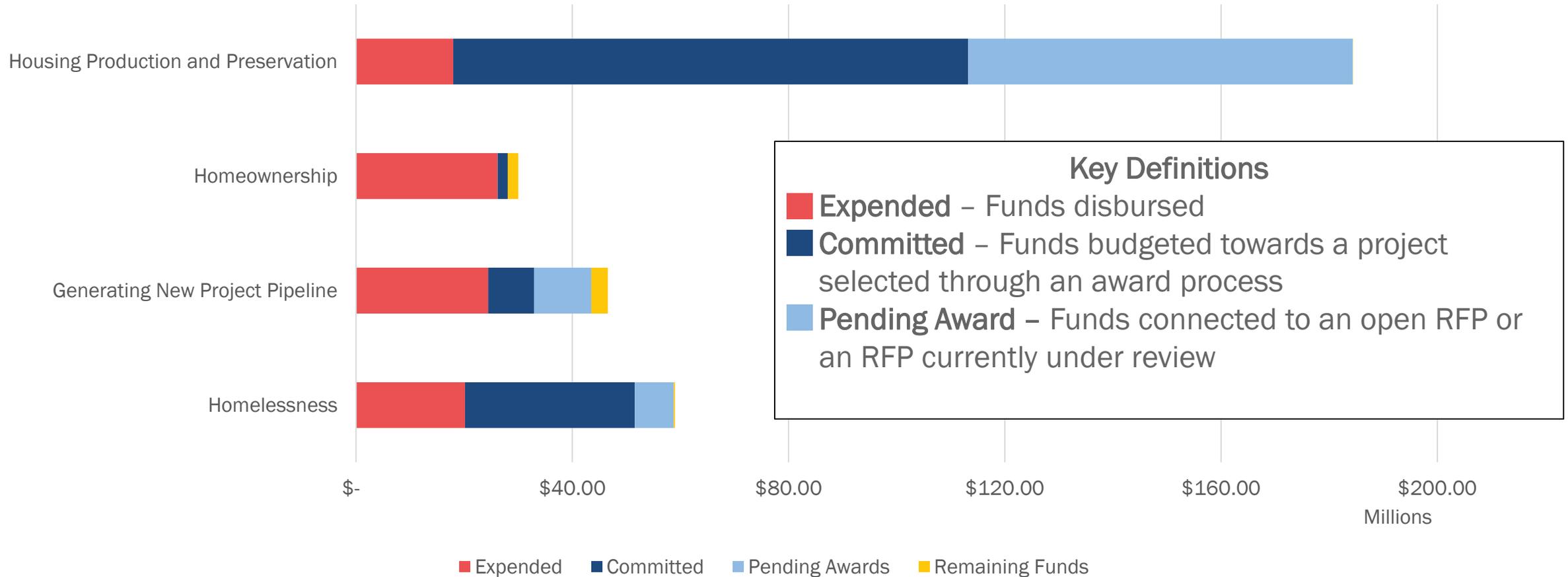
SFRF Spending Highlights

- \$321.5 million allocated towards boosting housing production, home preservation, community revitalization, making homeownership a reality for Rhode Islanders, and addressing homelessness.
- This money is actively being deployed to help Rhode Islanders. Even though it takes time to build new housing, these investments are beginning to generate progress.
- Accomplishments so far:
 - Over 1,600 new homes, including 1,400 affordable homes, in 18 different cities and towns have been financed.
 - Almost 1,500 first-time homebuyers in 34 different communities were helped through the Down Payment Assistance program.
 - Emergency shelter capacity is now 32% higher than January of last year.

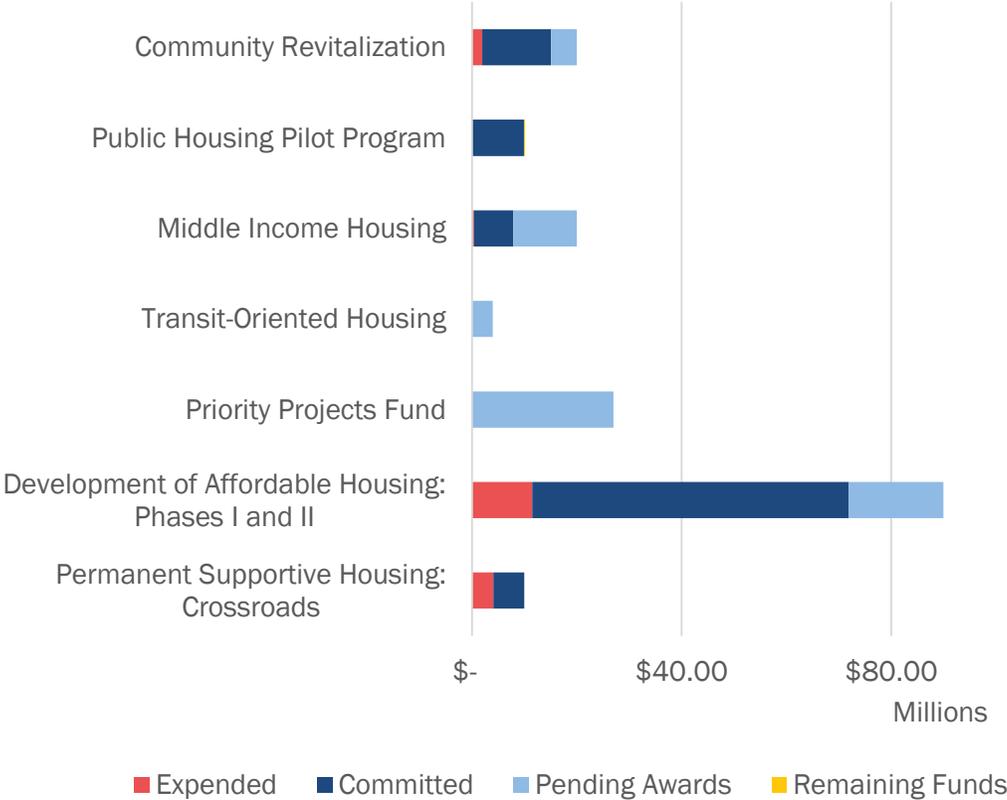


Overall Progress

98% of Housing SFRF funds are expended, committed or pending award.



Housing Production and Preservation 1: \$179.4M



Three consolidated funding rounds

- 1st Round award, June 2022: \$14,750,000 in SFRF funding
- 2nd Round award, May 2023: \$82,956,067 in SFRF funding
- 3rd Round: RFP closed January 16, 2024. Includes \$65 million in SFRF funds. Awards anticipated by May 2024.
 - Received over \$160 million in requests.
 - Readiness to proceed is a threshold criteria.

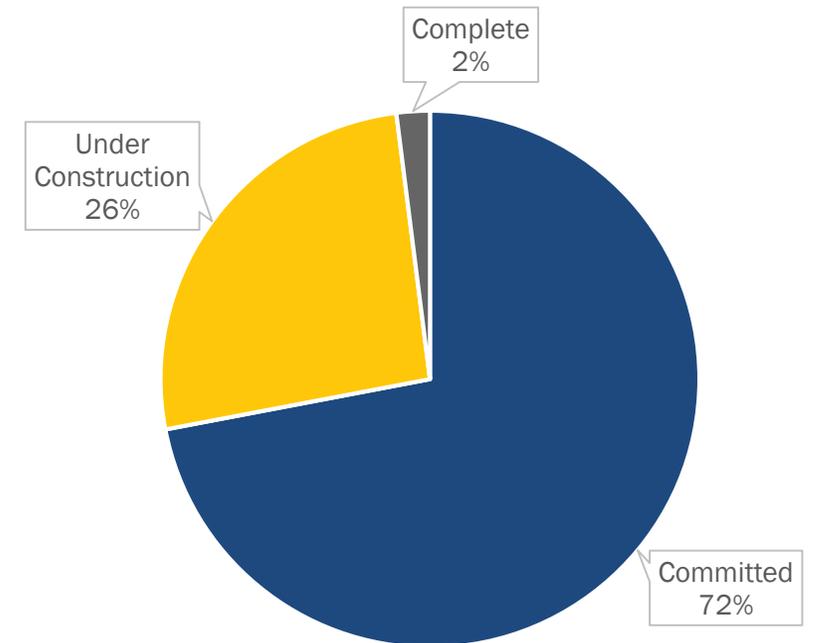
**Financing 1,687 units of which 1,406 are affordable
30 developments in 18 communities**

Construction progress

Committed projects progressing, despite national development challenges

- National development challenges:
 - Increasing construction & financing cost
 - Decreasing tax credit syndication pricing
 - Supply chain issues
 - Unanticipated site conditions
- Typical projects funded to date are taking 26-34 months to complete construction, following funding approval
- Monitoring project progress to ensure projects stay on track
 - Vast majority of funds allocated through 2023 One-Stop process

Development Programs: Unit Status



Integrated housing report & goal setting

Plans to Meet Obligation & Expenditure Deadlines

Department's SFRF programs are on track, with a majority of funds already obligated and plans for meeting obligation and expenditure deadlines in place. But challenges remain.



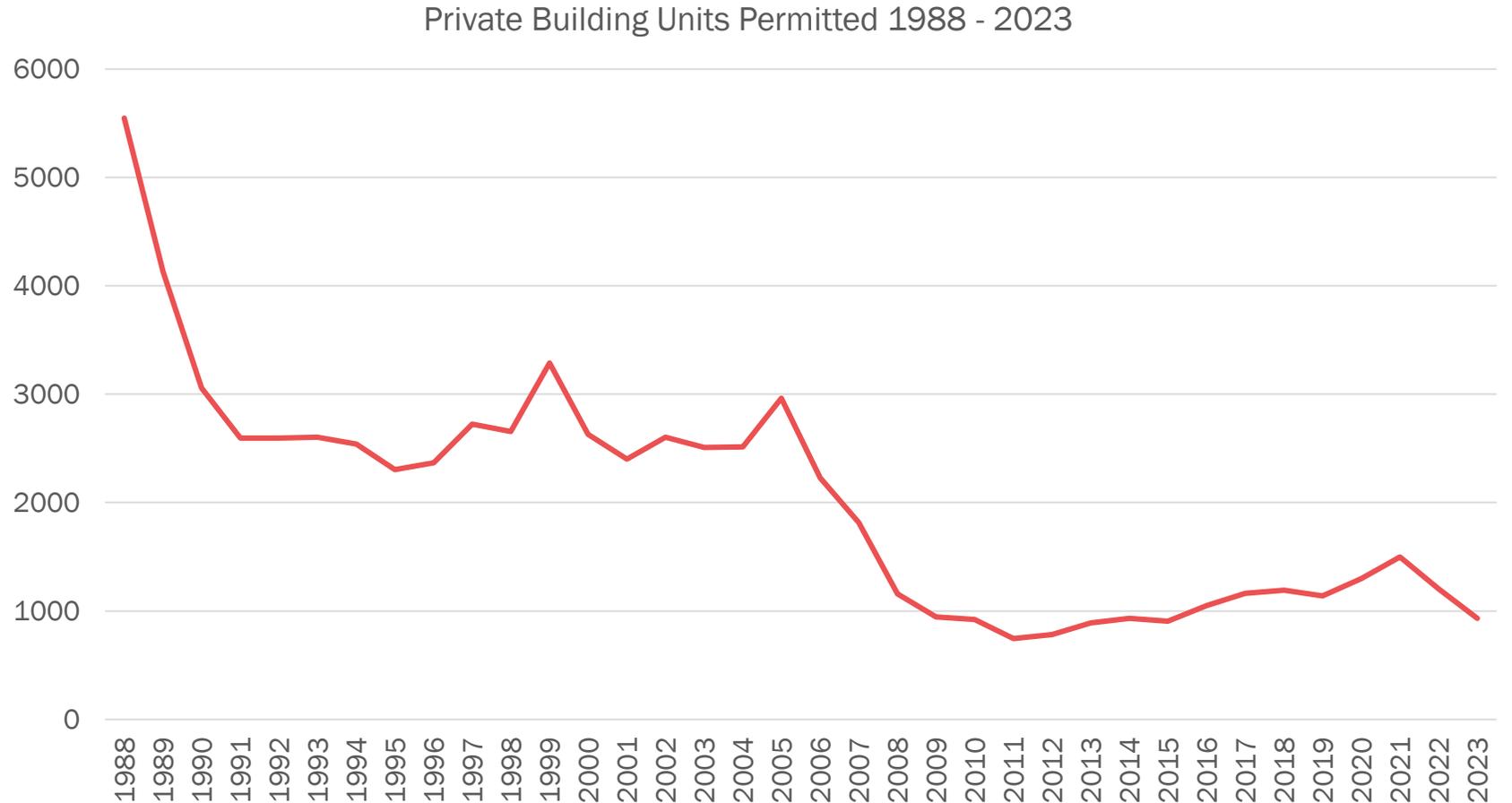
- **Obligation by 2024:** Some programs already fully obligated, others on track to meet deadline
 - Subaward agreements with RI Housing satisfy this threshold.
 - Fully Obligated now: Development of Affordable Housing, Down Payment Assistance, Affordable Housing Predevelopment, Homelessness Assistance FY22, Homelessness Infrastructure FY22, Warming Centers, Community Revitalization, Middle Income Housing, PHA, PSH: Crossroads, Site Acquisition.
- **Expenditure by 2026:**
 - Pursuing a number of strategies including enforcing deadlines for key project milestones and redeployment into projects that can meet the timeline.

Key Definitions

- **Obligated** – “an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment”
- **Expenditure** – final transactions
- **Committed** – Funds budgeted towards a project selected through an award process
- **Pending Award** – Funds connected to an open RFP or an RFP currently under review

Integrated Housing Report Key Takeaways

- Projected average number of new units needed each year: between 2,224 and 3,087 on average
- Minimum needed to keep up with households and unit loss (does not model production needed to improve affordability within the state)
- Precedent: Before the Great Recession, Rhode Island routinely achieved numbers in or above that range

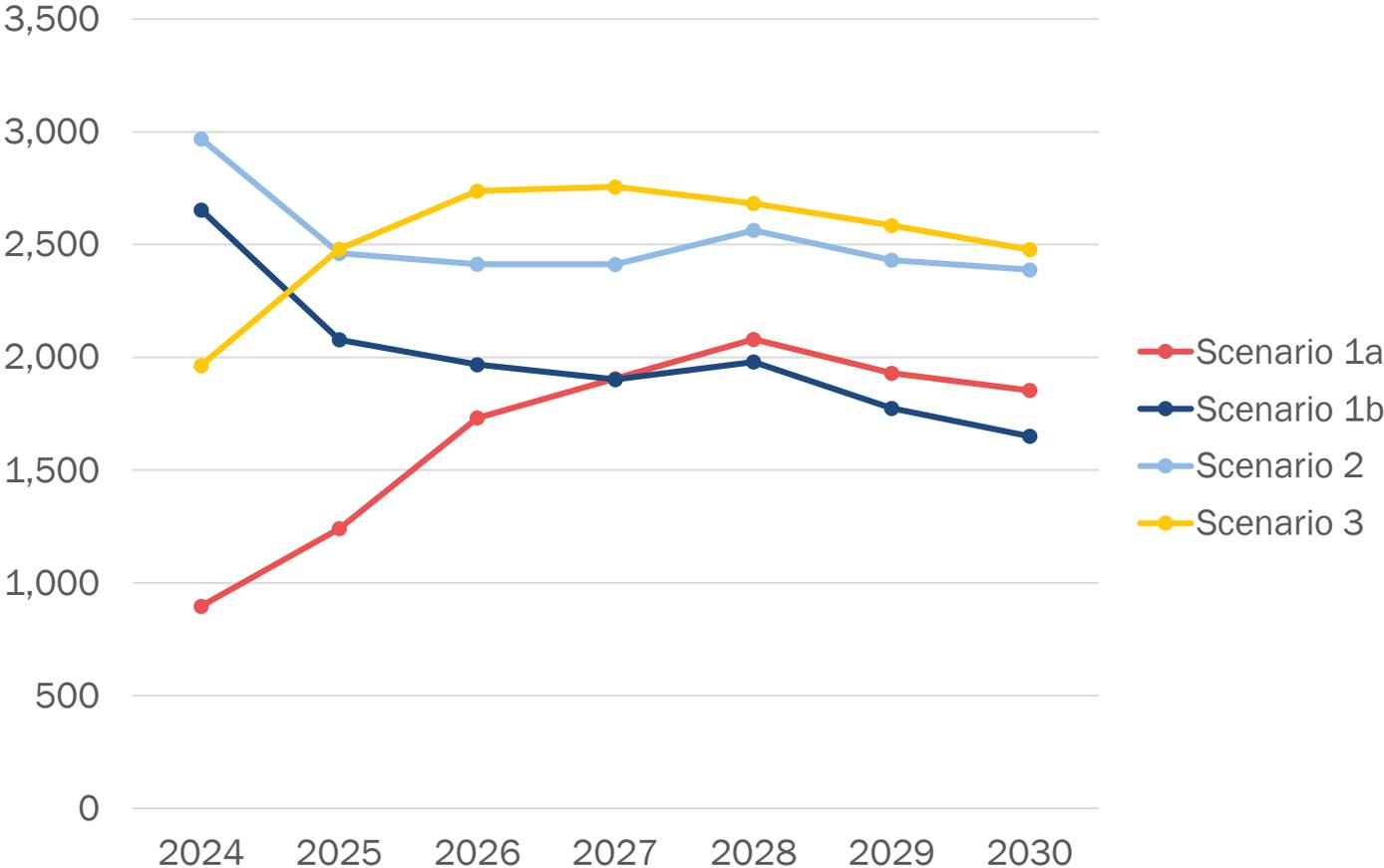


Source: Census Building Permit Survey

Projections of Future Growth



Annual Projected Number of Households Added, Rhode Island, 2024-2030



Integrated Housing Report

Key takeaways (continued)

- Rhode Island lags behind Massachusetts and Connecticut in terms of state investment in housing and affordable housing development on a per capita basis. Due to significant investments of federal funds, Rhode Island provides a greater total and proportion of funding towards capital investments compared to a relatively small amount for operating expenses.
- Current housing data has limitations, particularly housing production data. The Department of Housing developed a municipal permit survey to gather data on housing production for this report and to learn about current municipal data collection practices. The Housing Department is committed to improving the collection, quality, and reporting of housing-related data to better inform the state's housing priorities and policies.

December Report Municipal Survey - Overview

- 33 cities and towns responded to the survey
- Almost all respondents (86 percent) collect data on housing units completed during 2023 and data on housing units permitted during 2023, but for most it is not readily available to share
 - 42% of respondents have data readily available on housing units completed during 2023
 - Slightly fewer (30%) respondents have data readily available on housing units permitted during 2023
- Most respondents do not have data on residential permit applications that is both readily available to share and in the specific categories requested (by affordability and unit type)
- Fewer than half of respondents (42%) have any data on healthy housing stock in their jurisdictions; of the respondents who have data, none have data readily available to share

Key challenges identified by the municipalities in the survey:

- Lack of staff capacity
- Lack of digitized records
- Inflexibility in current systems/municipal systems not standardized
- Disconnect between verifying unit affordability and building permit tracking. In some municipalities these functions are separate and information is not always shared between both.

Goal Setting Best Practices

What have other jurisdictions done to set housing goals?

Develop a framework for a shared vision and goals.

What have other jurisdictions done to develop goals?

Oregon

- Specific statewide production goals (affordable, rural, PSH)
- Additional numerical goal of home ownership

Minneapolis

- Neighborhood goals – 2040 Plan directs that goals be set in each neighborhood of the city.

New York

- Municipalities serviced by MTA to grow housing stock 3% over 3 years
- Municipalities not serviced by MTA to grow housing stock 1% over 3 years

California

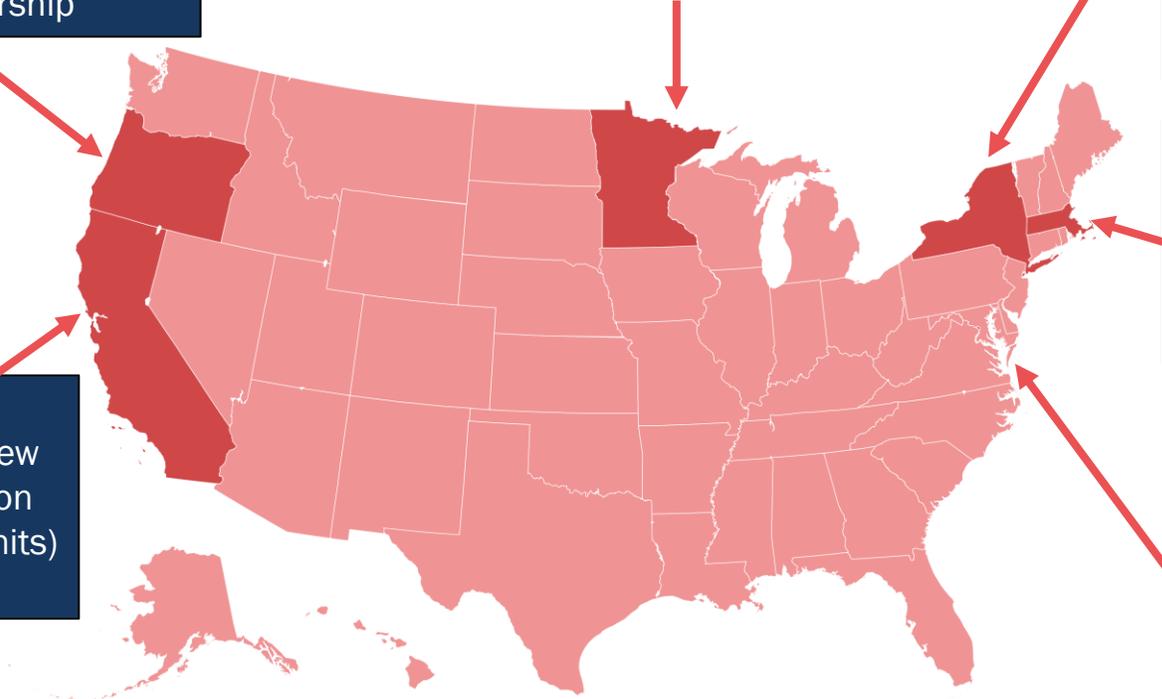
- 2.5 million new units (1 million affordable units) by 2030

Massachusetts

- Municipalities to maintain 10% affordable housing (Chapter 40B)

Washington D.C.

- Building: In 2019, set six-year goal of: 36,000 total new units, including 12,000 affordable (<80% AMI).



KEY

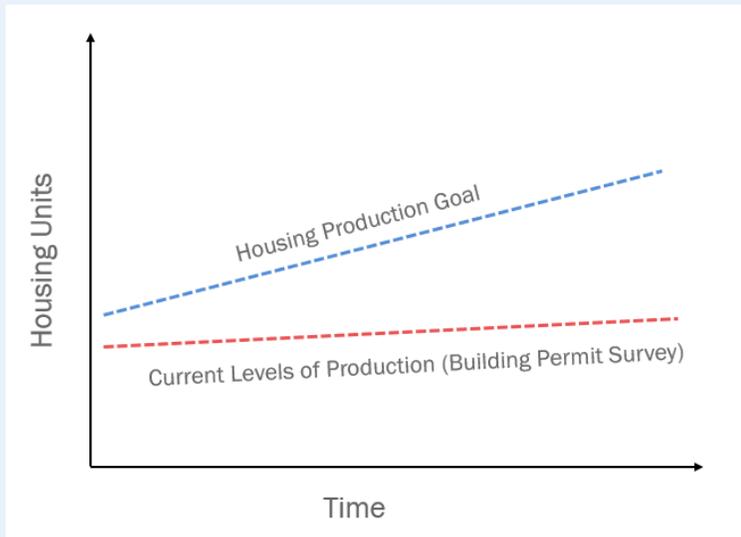
- Jurisdictions setting overall production goals (NY)
- Jurisdictions setting affordable housing goals (MA)
- Jurisdictions setting overall production goals and affordable housing goals (OR, CA, DC)

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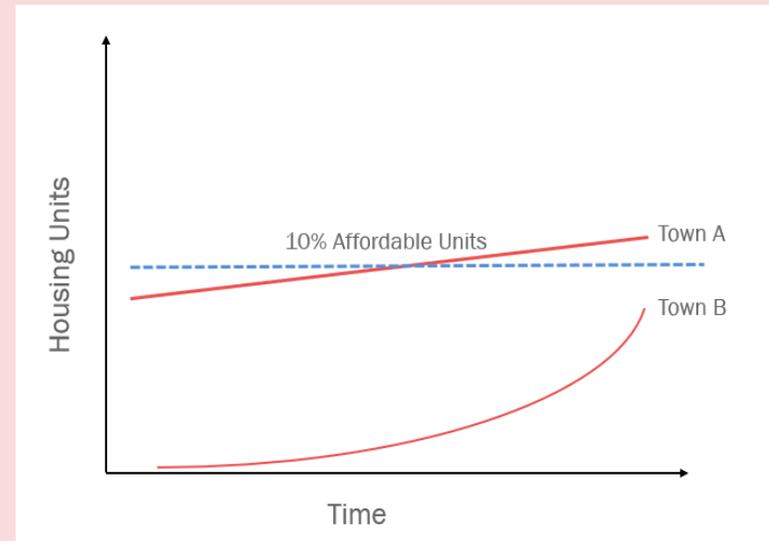
Three methods for setting production targets

Based upon preliminary research into goal setting and production targets from other jurisdictions

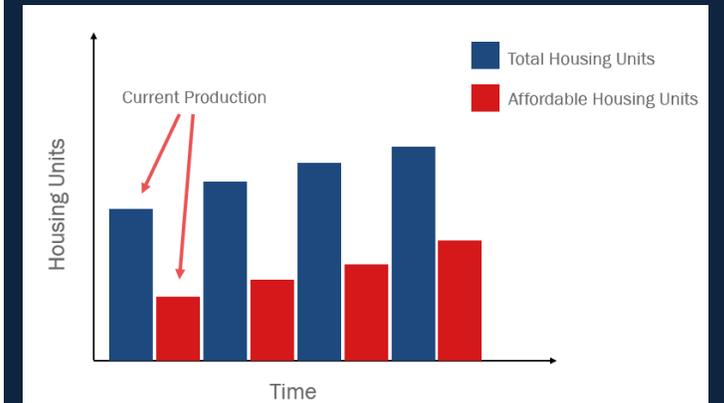
- **Overall production target:** Jurisdictions like NY set overall production targets for housing units to be developed.



- **Affordable production target:** RI & MA have set affordable unit thresholds for municipalities (10%) based upon total number of units, but they have not established affordable production growth goals



- **Hybrid:** A commonly utilized approach is an overall production target combined with an affordable unit production target (DC, CA, OR).

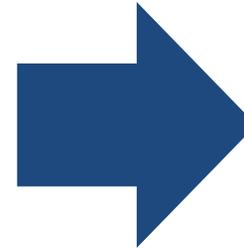


- **Alternative approaches:** Minneapolis does not set citywide goals but directs these be set in each neighborhood of the city and focused on enabling policy.

Goal Setting: Minneapolis

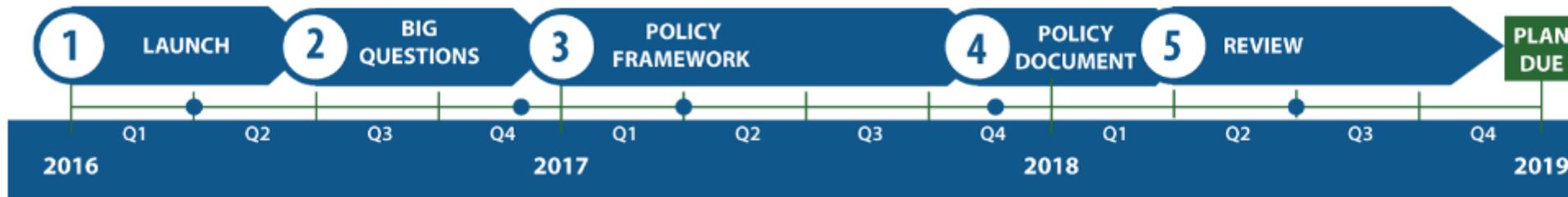
Process

- Planning conducted through the city's 20-year comprehensive planning effort (Minneapolis 2040)
- Heavy emphasis on civic engagement conducted in three main phases
 - Community workshops, community dialogues, public comment period, and online feedback all utilized
 - Over 1,000 people participated in process
 - Representation from property owners, large institutions, individuals experiencing homelessness, business associations, developers, brokers, seniors, cultural organizations, and business owners



Plan

- Created 14 goals for Minneapolis to achieve by 2040
- Developed specific policies to be implemented to achieve goals
- Identified specific action steps to enact policies
- **Housing goal:**
 - “In 2040, all Minneapolis residents will be able to afford and access quality housing throughout the city.”
 - 22 housing policies created within the plan



Goal Setting: Minneapolis

Tailored goals for different neighborhoods in Minneapolis



Increase housing choice and housing supply by allowing multifamily housing on select public transit routes, with higher densities along high-frequency routes and near METRO stations.



In neighborhoods farthest from downtown that today contain primarily single-family homes, increase housing choice and supply by allowing up to three dwelling units on an individual lot.



In neighborhoods that contain a mix of housing types from single-family homes to apartments, increase housing choice and supply by allowing new housing within that existing range.



Increase housing choice and supply by allowing the highest-density housing in and near Downtown.

Goal Setting: Minneapolis

Goal: In 2040, all Minneapolis residents will be able to afford and access quality housing throughout the city.

Minneapolis Process

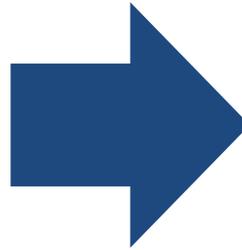
- Traditional comprehensive strategic planning process
- Long timescale
- Significant stakeholder engagement and feedback
- Municipal plan, allows for significant direct housing policy changes (particularly zoning)



Goal Setting: Minneapolis

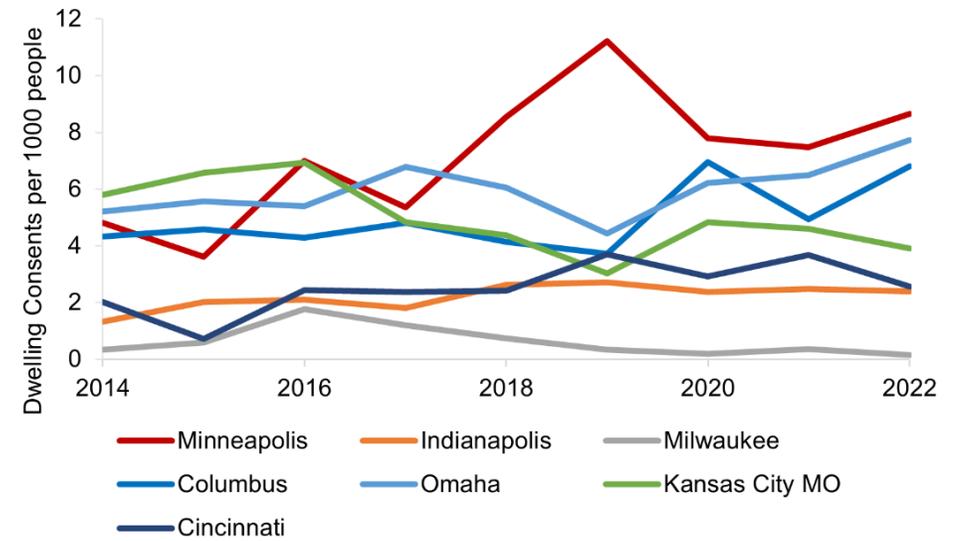
Policy Actions from 2040 Plan:

- Zoning reforms
- Density bonuses for producing affordable housing
- Promote lower cost-housing types: ADUs, pre-fabricated/manufactured homes, and tiny homes
- Funding priorities: Affordable housing for those at or below 50% of AMI
- Mixed income housing: Expanding inclusionary housing policies
- Tenant protections
- Expanding homeownership: financial counseling, homebuyer education, and exploring downpayment assistance and loan forgiveness



Outcomes:

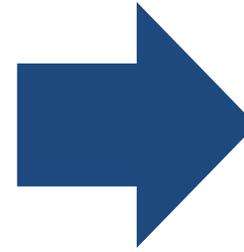
- 60% increase in the number of housing starts per 1,000 people (see graph)
- Significantly increased number of 'plexes (2, 3, and 4 unit buildings) being developed, majority directly due to 2040 plan
- Rents declined (nominally) since 2017, compared to growth in neighboring cities
- Parking spaces per unit cut in half
- Decrease in homelessness while homelessness has increased in neighboring cities



Goal Setting: Washington, D.C.

Process

- Planning conducted through a 2016 amendment to the city's existing city's 20-year comprehensive plan
- Over 3,000 amendments suggestions submitted from public
- Through plan amendment drafting, public input received through an online survey and in-person meetings
- City Council approved amended plan, articulating 11 housing priorities to address identified issues.
- Established overall housing goal and a short-term goal, both of which were informed by quantitative analysis and public engagement



Plan:

- Short term goal: 36,000 residential units produced, 12,000 of which are affordable, between 2019 and 2025
- Identifies 11 housing priorities (examples below) and strategies to achieve these priorities
 - Fostering housing production to improve affordability;
 - Preserving existing affordable housing;
 - Promoting homeownership;

Open call for proposed amendments

Analysis of open call amendments

Draft plan amendment release, public comment, final amendment approval + Mayor's Order

2017

2018

2019

Goal Setting: Washington, D.C.

Goal: 36,000 units by 2025, 12,000 of those units to be affordable for those earning 80% or less of AMI. Disaggregated goals for each D.C. planning area towards total

Public amendment suggestions

Updated housing analysis and draft goals

Public feedback

Finalized goals

Mayor's order and dedicated funding

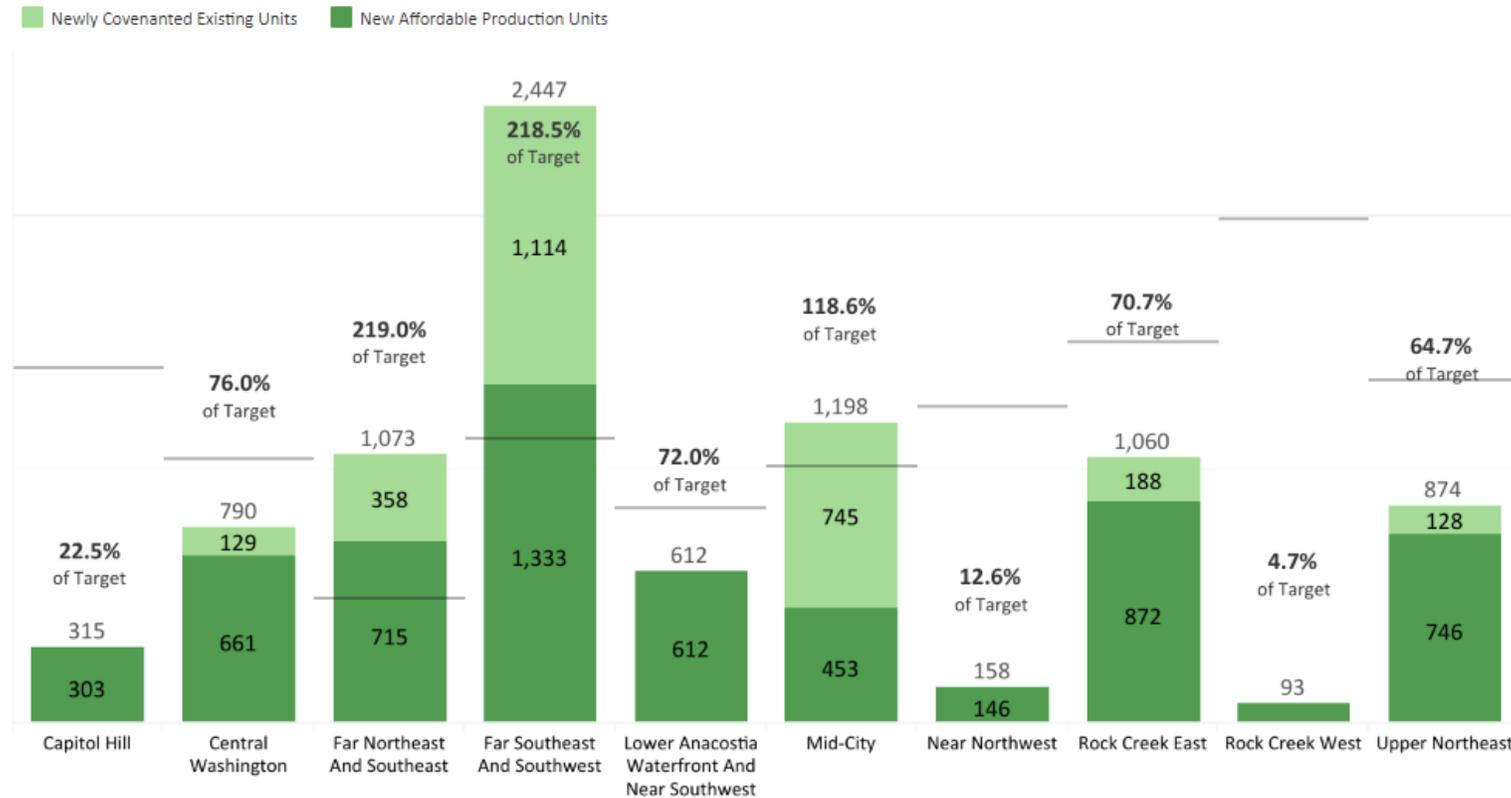
Washington, D.C. Process

- Comprehensive planning process, amendments to existing plan
- Publicly driven launch with significant quantitative analysis underlying production goals
- \$100 million committed by Mayor to D.C.'s Housing Production Trust Fund

Goal Setting: Washington, D.C.

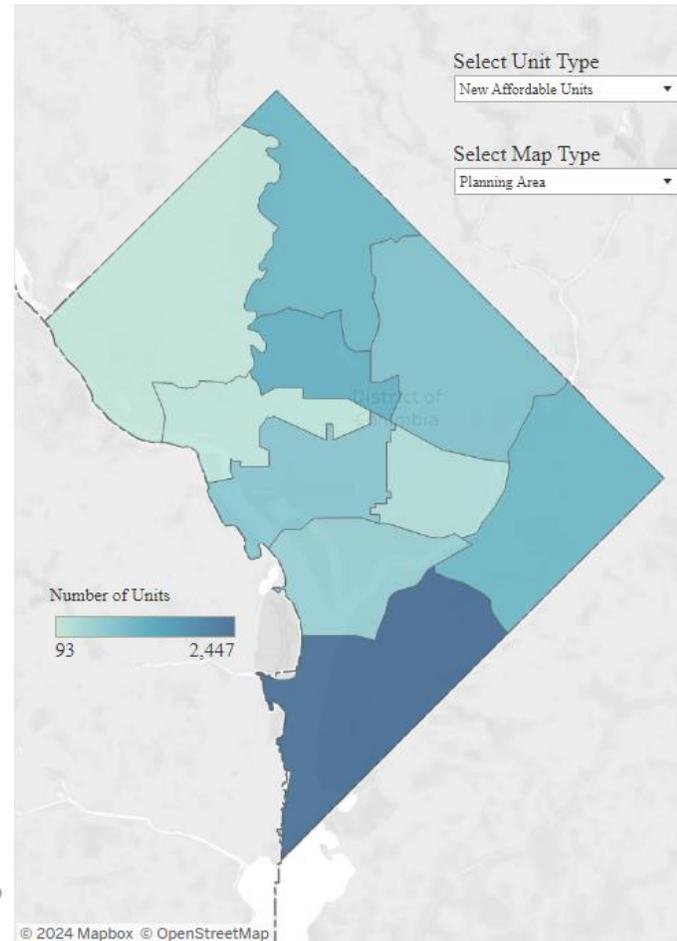
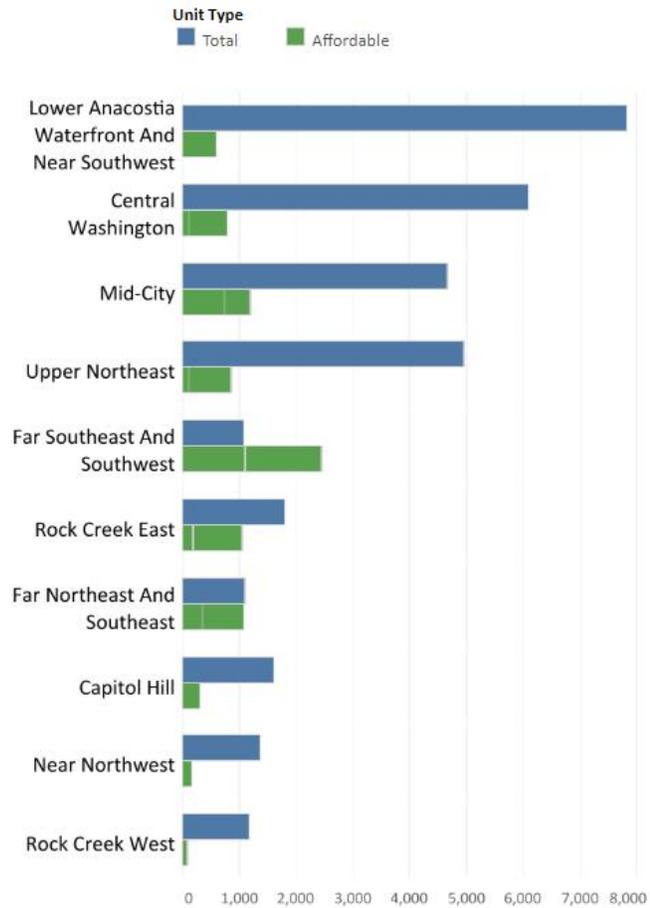
Publicly tracking progress towards goals, district wide, and by planning area

New Affordable Housing Units Since 2019 by Planning Area



Goal Setting: Washington, D.C.

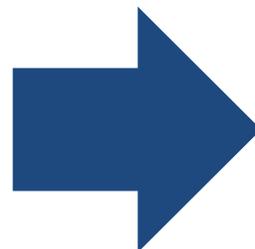
Total and New Affordable Housing Units Since 2019 by Planning Area and Ward



Goal Setting: Washington, D.C.

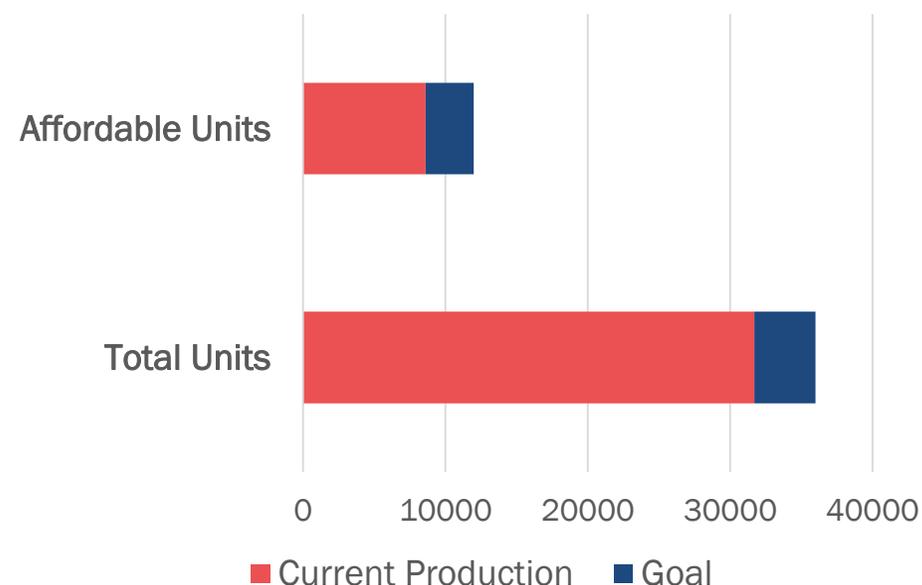
Actions:

- Zoning reforms
- Tax incentives: developer incentives for projects with at least one third affordable housing units
- Funding: \$100 million to the Housing Production Trust Fund in every budget since 2015
- Public land: making public land available for housing development
- Preserving naturally occurring affordable housing
- Tracking progress: public dashboard tied to goals



Outcomes:

- 31,702 new units created since 2019 (88% of 2025 goal)
- 8,620 affordable units created or covenanted of existing units (72% of 2025 goal)
- More than half of new affordable units built are affordable to households earning less than 50% of AMI



Goal Setting: Oregon

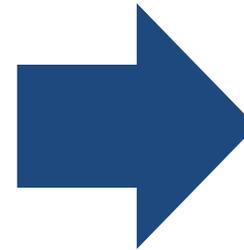
Priority	Goal (2019 – 2024)
Affordable Rental Housing	Triple the existing pipeline of affordable rental housing (up to 25,000 units) by 2023
Homeownership	Assist at least 6,500 households in becoming successful homeowners through mortgage lending products. Double the number of homeowners of color in homeownership programs.
Permanent Supportive Housing	Fund the creation of 1,000 or more additional PSH units
Rural Communities	Increase OHCS funded housing in rural areas by 75%
Homelessness	Increasing the percentage of people who are able to retain PSH for at least six months after receiving homelessness services to at least 85 percent
Equity and Racial Justice	Communities of color will experience increased access to OHCS resources



Goal Setting: Oregon

Process

- Oregon's Office of Housing and Community Services (OHCS) developed a five year statewide housing plan in 2019
- Plan developed in three core phases:
 - Background research
 - Community outreach and conversations
 - Developing OHCS priorities and soliciting feedback
 - Identifying implementation strategies and actions
- Advisory committee supporting work (Housing Stability Council)



Plan

- Identified six priorities with an actionable goal for OHCS associated with each priority
- Priorities:
 - Equity and Racial Justice
 - Homelessness
 - Permanent Supportive Housing
 - Affordable Rental Housing
 - Homeownership
 - Rural Communities

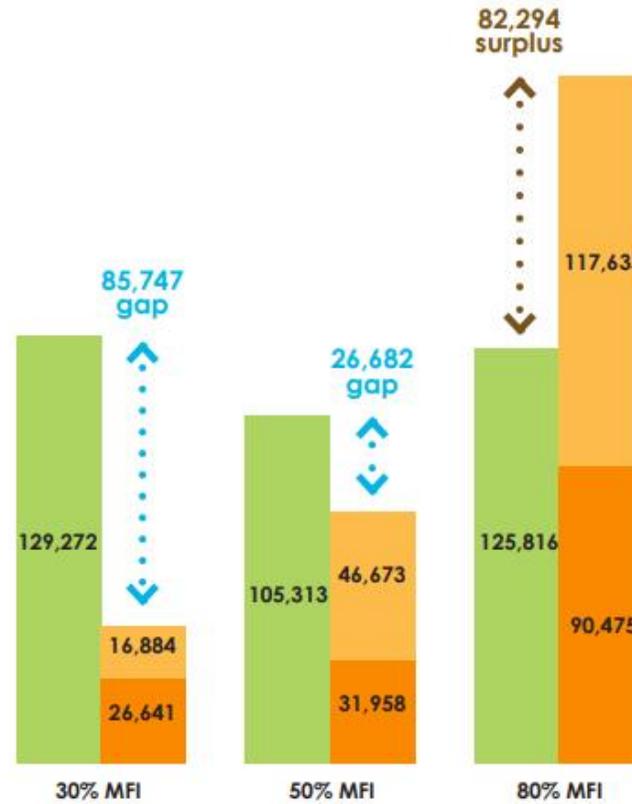
Goal Setting: Oregon

Housing Units Needs and Supply by Income Category

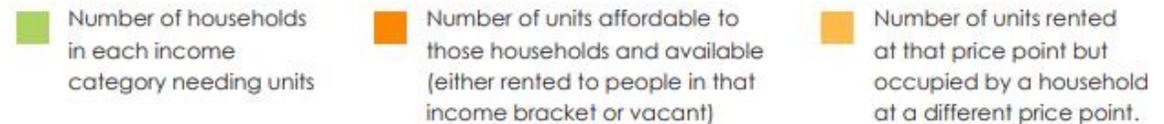
Example from OHCS' housing plan – affordable housing goal

Steps:

1. Identified need for affordable housing (see chart to the right)
2. Evaluated existing constraints. Identified the state's Private Activity Bond cap (total tax-exempt debt the state can invest in private projects with public benefits) as the primary limiting fiscal constraint.
3. Derived goal based upon financial resources available and estimated additional resources that maybe available pending state and federal funding.



Source: ECONorthwest calculations of PUMS 5-year data, 2011–2015.



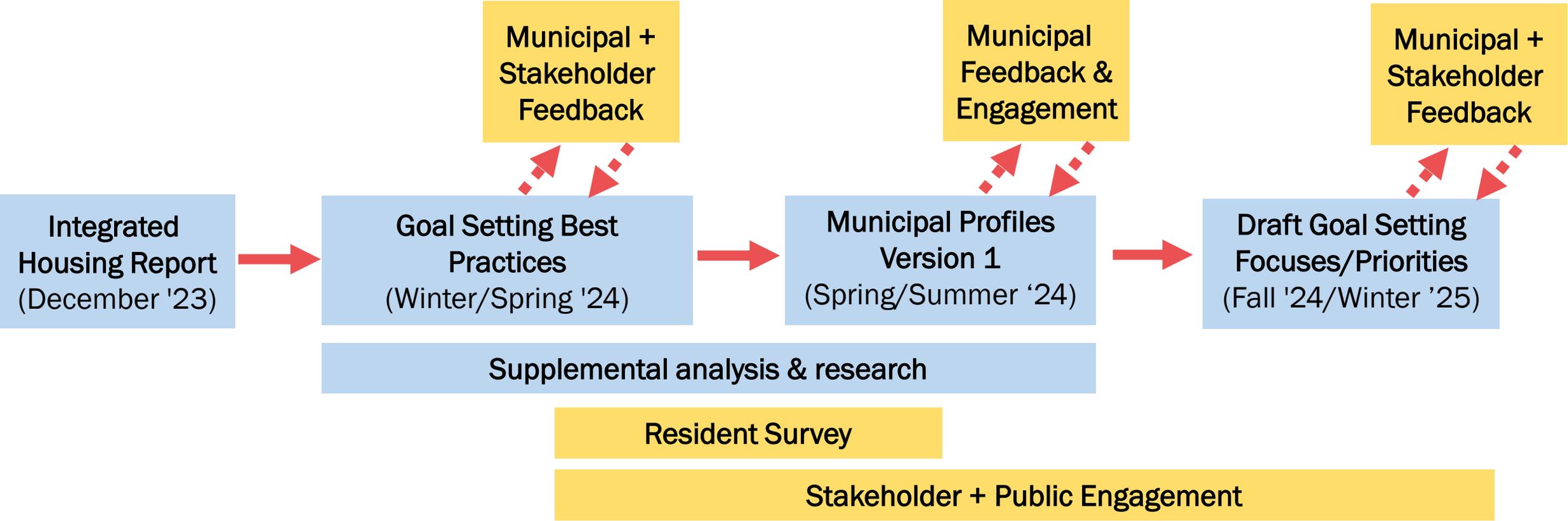
Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other

Goal Setting: Oregon

Results

	Homelessness 86% households served are stabilized in housing for six months or longer		On Track
	Permanent Supportive Housing Funded over 1,200 units of PSH		Surpassed Goal
	Affordable Rental Housing Increased existing pipeline of affordable rental housing units by more than 25,000		Surpassed Goal
	Homeownership Assisted over 1,600 households in becoming homeowners		On Track
	Rural Communities Funded over 3,600 affordable housing units in rural Oregon		Surpassed Goal

Goal Setting Process



Updates on Furman Center Study

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Furman Center Publicly Driven Development Study

NYU Furman Center selected to lead feasibility study.

- Exploring models of housing developed, owned, managed, or financed (entirely or in part) by public entities.
- NYU Furman Center has been contracted to conduct a feasibility study into models, both domestic international, to produce a review of best practices and recommendations.
- Some models of publicly driven development involve public housing agencies or existing state infrastructure.

Likely timeline for work product:

- April: Analysis of Models.
- May: Draft Interim Report
- July: Draft Final Report
- Summer/Fall: Final Report

**NYU
Furman
Center**

Advancing research and debate
on housing, neighborhoods,
and urban policy

School of Law

Wagner School of Public Service

Evaluating Publicly-Driven Development

- NYU Furman Center will explore the following when evaluating public development models:
 - Success in creating high quality affordable housing;
 - Preservation of housing quality and affordability over the long-term;
 - Per square foot construction costs and potential efficiencies in financing;
 - Financial and legal responsibilities potentially assumed by a public entity developer;
 - Land use considerations for public agencies;
 - Barriers to potentially replicating other successful models in Rhode Island and opportunities presented by these models (or elements thereof).