



Rhode Island Low and Moderate Income Housing Act Study Commission

AFFORDABLE MULTI- FAMILY RENTAL HOUSING

How do we build it?



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Mechanisms to Develop Multi-Family Affordable Rental Housing

- I. **By Right** – when scale and use is within existing zoning
- II. **Inclusionary Zoning** – in a municipality that requires X% LMI when building X or more units, or pay fee-in-lieu (the % and # vary by municipality)
- III. **Comprehensive Permit** – when seeking a waiver from a municipality (i.e. zoning variance)

Comprehensive Permit - LMI Act

“Any applicant proposing to build low or moderate income housing may submit to the local review board a single application for a comprehensive permit to build that housing in lieu of separate applications to the applicable local boards. This procedure is only available for proposals in which at least twenty-five percent (25%) of the housing is low or moderate income housing.”

- The municipality required to provide a “subsidy” - i.e. zoning waiver
- Most common request is for increased density
- The density boost is determined by each municipality
 - Example: Smithfield 25% LMI = 5 units per acre; 35-50% LMI = 7 units; 75%+ = 10 units

Findings of Fact- LMI Act

- (A) Consistent with local needs as identified community's affordable housing plan
- (B) Compliance with community's zoning ordinance and subdivision regulations, and/or where expressly varied or waived local concerns that have been affected by the relief granted do not outweigh the state and local need for low and moderate income housing
- (C) LMI housing is integrated throughout the development and compatible in scale and style; and will be built and occupied prior to, or simultaneous with market rate units.
- (D) No significant negative environmental impacts
- (E) No significant negative impacts on the health and safety of current or future residents of the community, in areas including, but not limited to, safe circulation of pedestrian and vehicular traffic, provision of emergency services, sewerage disposal, availability of potable water, adequate surface water run-off, and the preservation of natural, historical or cultural features that contribute to the attractiveness of the community.
- (F) Access to a public street
- (G) Not building on impractical lots – develop these as permanent open space or permanently reserved for a public purpose

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Comprehensive Permit - LMI Act

Permitted Reasons to Deny:

- A) Proposal is not consistent with the community's affordable housing plan;
- B) Proposal is not consistent with local needs, including, but not limited to, the needs identified in an approved comprehensive plan, and/or local zoning ordinances and procedures promulgated in conformance with the comprehensive plan;
- C) Proposal is not in conformance with the comprehensive plan
- D) Community has met or has plans to meet the goal of ten percent (10%) of the year-round units or, in the case of an urban town or city, fifteen percent (15%) of the occupied rental housing units being low and moderate income housing; or
- E) Concerns for the environment and the health and safety of current residents have not been adequately addressed.

Limitations of LMI Act

“(xii) A town with an approved affordable housing plan and that is meeting local housing needs may by council action limit the annual total number of dwelling units in comprehensive permit applications from for-profit developers to an aggregate of one percent (1%) of the total number of year-round housing units in the town, as recognized in the affordable housing plan and notwithstanding the timetables set forth elsewhere in this section, the local review board shall have the authority to consider comprehensive permit applications from for-profit developers, which are made pursuant to this paragraph, sequentially in the order in which they are submitted.”

Example: Smithfield

~8000 year-round housing. 1% is 80. Results in phased developments.

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King Street Commons



Before
July 2017



After
July 2021

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King Street Commons, Providence



\$17.5 million development includes:

- Construction of 30 new affordable apartments in Olneyville.
- Preservation of 32 existing affordable apartments in Elmwood.
- Construction of four Head Start classrooms for Children's Friend.

Timeline

Stages of Development	Duration	Hurdles	Considerations
Identify property; obtain site control	July – Dec 2017	Messy titles; multiple owners	Clear titles and landbank property that is ideal for housing development
Acquisition	Dec 2017 – March 2018	Acquisition financing	As-built appraisals
Design/Engineering/ Permitting	March 2018 – July 2019	N/A - project was “by-right;” zoning variances were not sought	
Capital Applications	Feb 2019 – June 2019	N/A - one timeline for all capital sources for this project	<i>Applaud RI Housing for its new One-Stop Application!</i>
Closing on financing	July 2019 – March 2020	Environmental challenges	Incentives to remediate contaminated property (funding, expeditor, etc.)
Construction	April 2021-October 2021	N/A – despite COVID	
Leasing	Concurrent with construction	N/A – leased quickly	

Financing King Street Commons

Development Budget

Sources

Low Income Housing Tax Credit Equity:	\$11,664,233
Building HOMES RI Bond:	\$2,000,000
RIHousing Mortgage:	\$610,000
RIHousing Preservation & Revitalization:	\$960,000
Sponsor Loan, Existing Reserves, and Rollover Debt:	\$2,134,035
Deferred Developer Fee:	\$84,000
Total Sources:	\$17,452,268

Uses

Acquisition:	\$2,148,986
Construction:	\$11,703,972
Soft Costs, Fees, Reserves:	\$3,599,309
Total Uses:	\$17,452,268

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Unique Factors

I. Funding Source

- 9% LIHTC – RI receives “small state minimum”
- One application period per year (Due in Dec; decisions in May/June)
- LIHTC is about 65% of capital stack
- Three projects a year = ~140 new apartments

II. Providence

- Supportive municipality with zoning designed for density by right