

Low- and Moderate- Income Housing & Local Government

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Overview

- Local Interest in Housing
- Challenges to Housing Development at Local Level
- Recommendations



Local Interest in Housing



- Municipal CEOs (mayors, managers, etc.) recognize the need to provide affordable options for housing for all Rhode Islanders
 - Lack of affordable housing inhibits job growth / business expansion and economic development
- Despite RI's small size, its 39 communities differ significantly in what they need to encourage housing growth
- “One-size-fits-all” solutions will not succeed; need tailored approaches that address underlying challenges



Challenges to Development

- **LMIH Criteria & Targets**
 - Housing projects need to meet specific criteria to qualify as Low- and Moderate-Income Housing
 - More flexible definitions on what qualifies as LMIH
 - Outreach to developers to determine how to incorporate LMIH units into developments
 - **Flexibility on targets**



Challenges to Development



- **Density & Infrastructure**
 - Some areas/properties that would be good candidates for LMIH development (e.g., with access to transit, employment, services, etc.) require infrastructure improvements
 - Utilities (water, sewer, broadband)
 - Road/sidewalk improvements
 - Possible required changes to municipal zoning
 - FY 2022 enacted budget includes technical assistance under new “Municipal Housing Incentives”
 - Additional resources may be required to convert buildings for adaptive reuse



Challenges to Development



- Local Finances
 - Property taxes are main source of locally derived revenue (approximately two-thirds)
 - Cost of new service delivery exceeded by additional property tax revenue
 - FY 2022 enacted budget includes school impact payments under new “Municipal Housing Incentives”
 - Caps on property tax payments from LMIH properties create disincentives to new LMIH development, particularly in communities at or above the 10% target



Recommendations

- LMIH as part of greater housing affordability strategy
- Flexibility on LMIH definitions (e.g., manufactured housing, accessory dwelling units, etc.) and targets (e.g., incremental approach)
- Support funding for infrastructure improvements that facilitate denser development (e.g., Municipal Infrastructure Grant Program)
- Recognize the fiscal impacts of housing on local government and support ways to close the gap (Municipal Housing Incentives, state PILOT payments for affordable housing, etc.)
- Treat local governments as partners, not impediments
- Avoid “one-size-fits-all”



Questions?



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