

A large stone statue of a man in a long coat stands on the left, gesturing towards a cityscape. The city features a mix of modern high-rise buildings and older brick structures, with a dense forest of green trees in the foreground and middle ground. The sky is clear and blue.

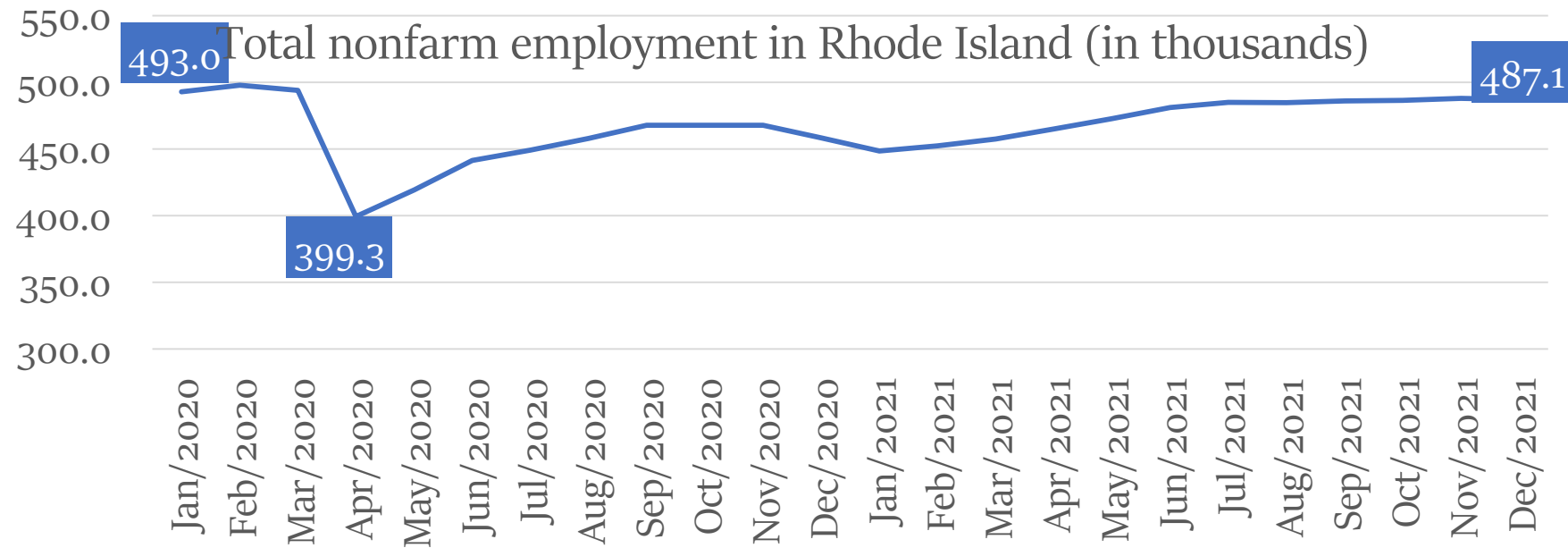
Affordable Housing in Rhode Island

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1 March 2022



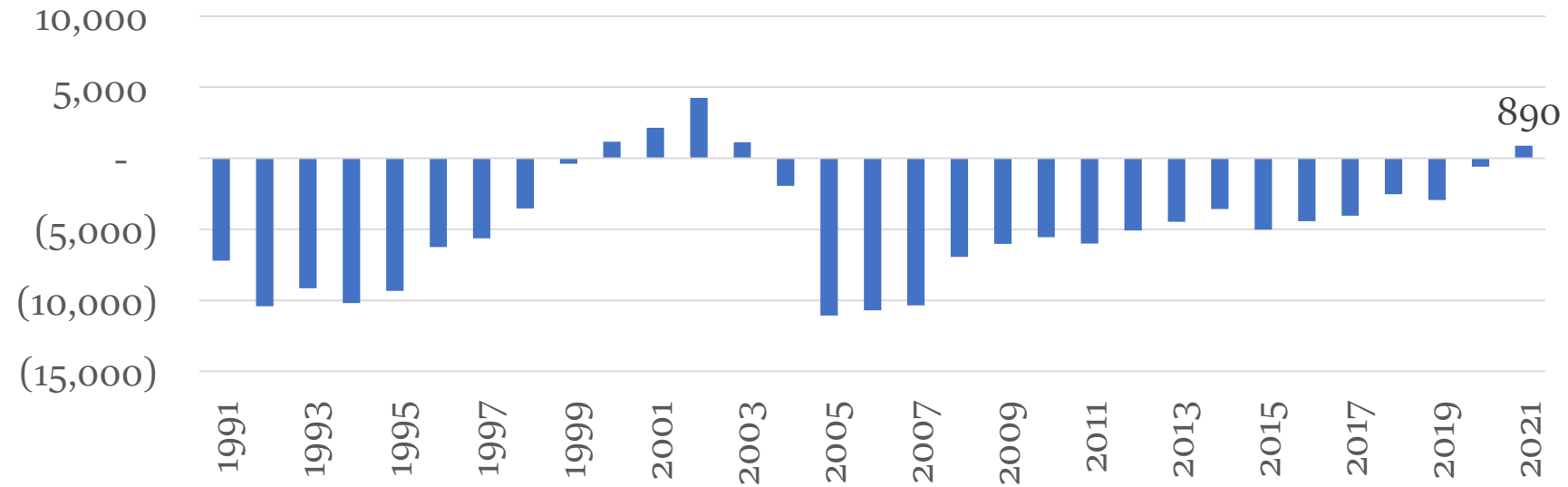
Economic Conditions Rhode Island



- *Source: US Bureau of Labor Statistics

Rhode Island payroll jobs lost during “pandemic lockdown” are nearly recovered

Net Domestic Migration in Rhode Island



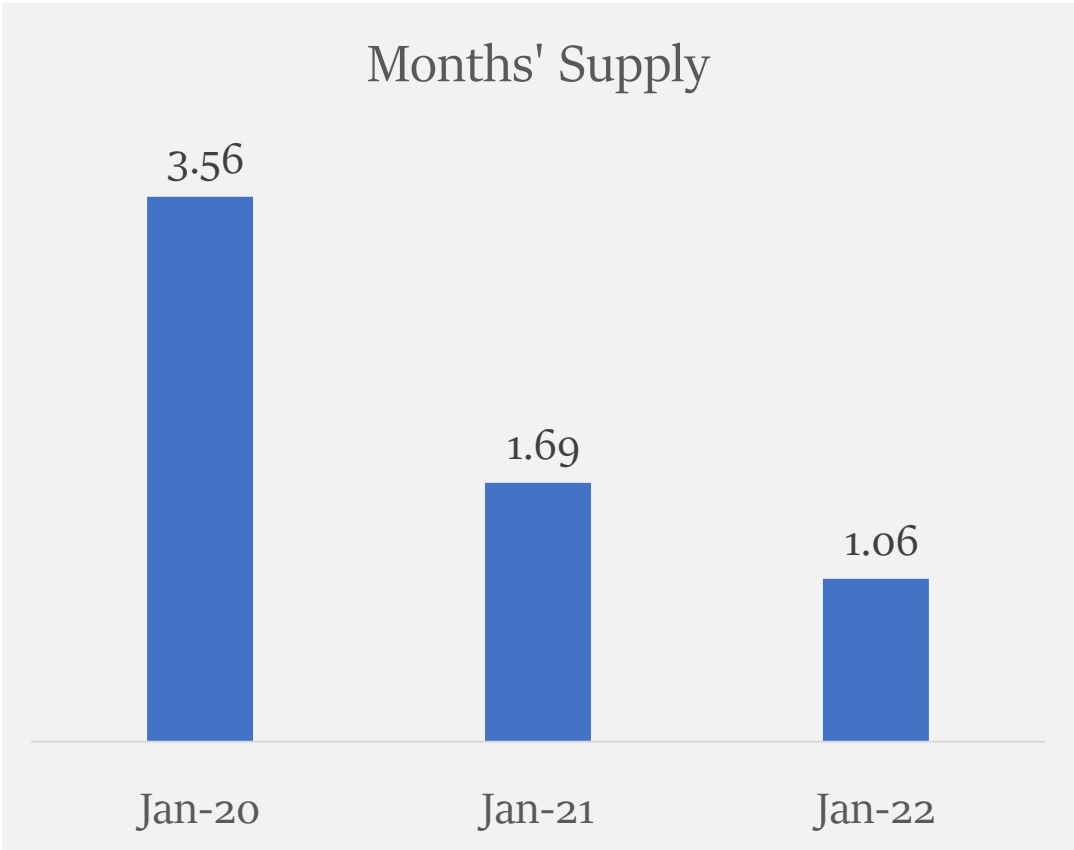
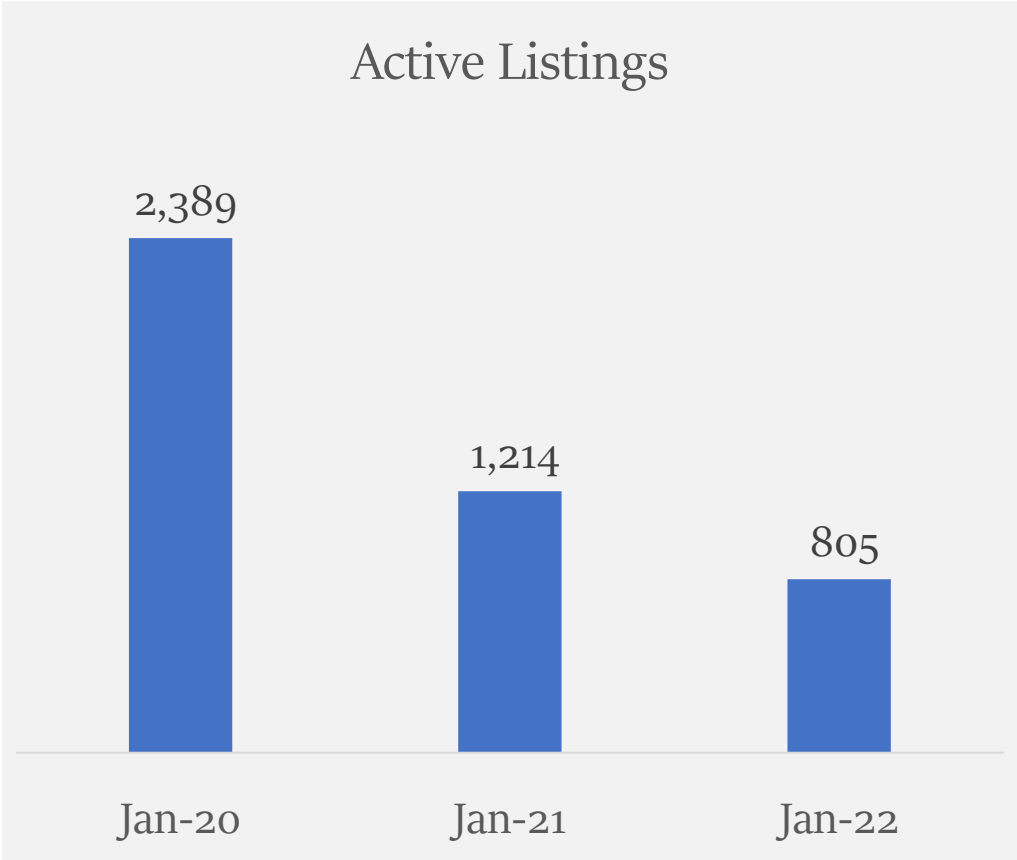
- *Source: US Census Bureau

Positive net domestic migration in Rhode Island in 2021
after years of outmigration

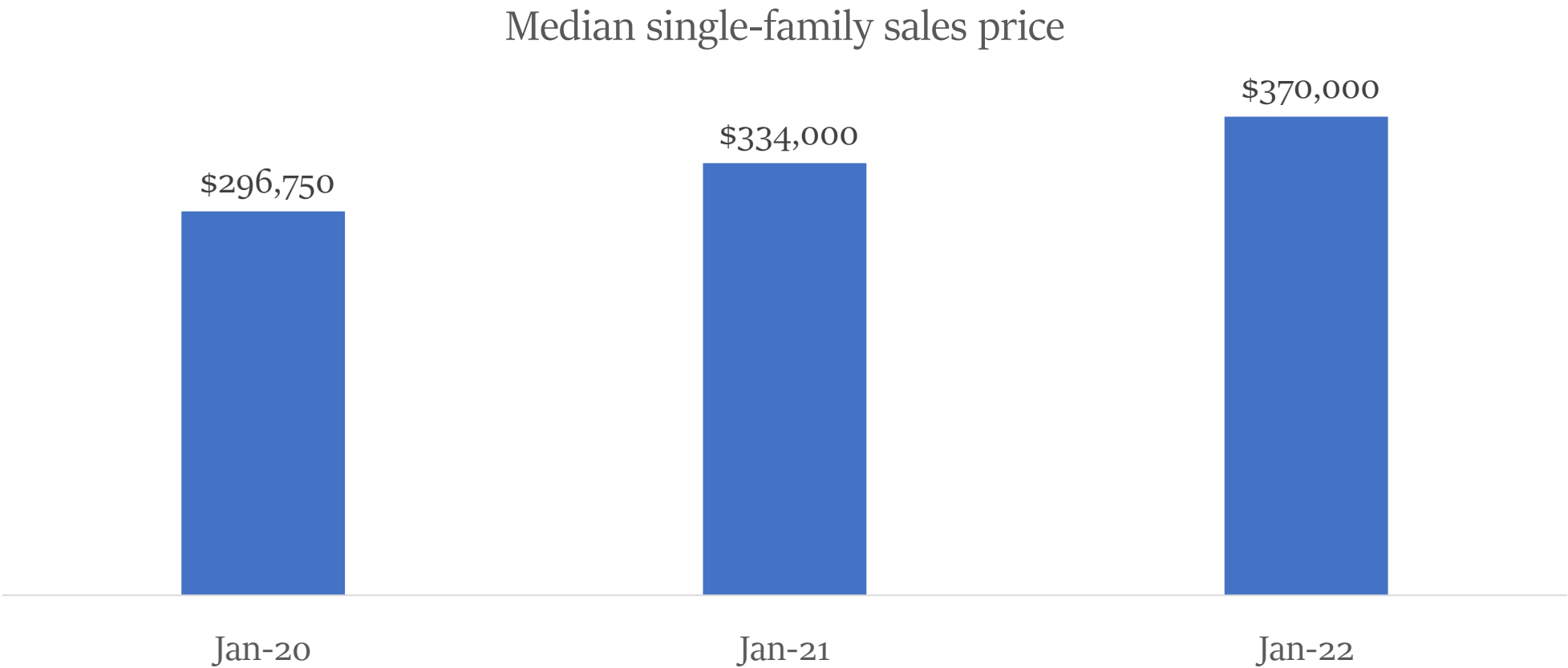


Owner-occupied Housing

Severe supply shortage: active listings down 34% equal to 1 month's supply



Existing SF home prices up 11% as of January 2022

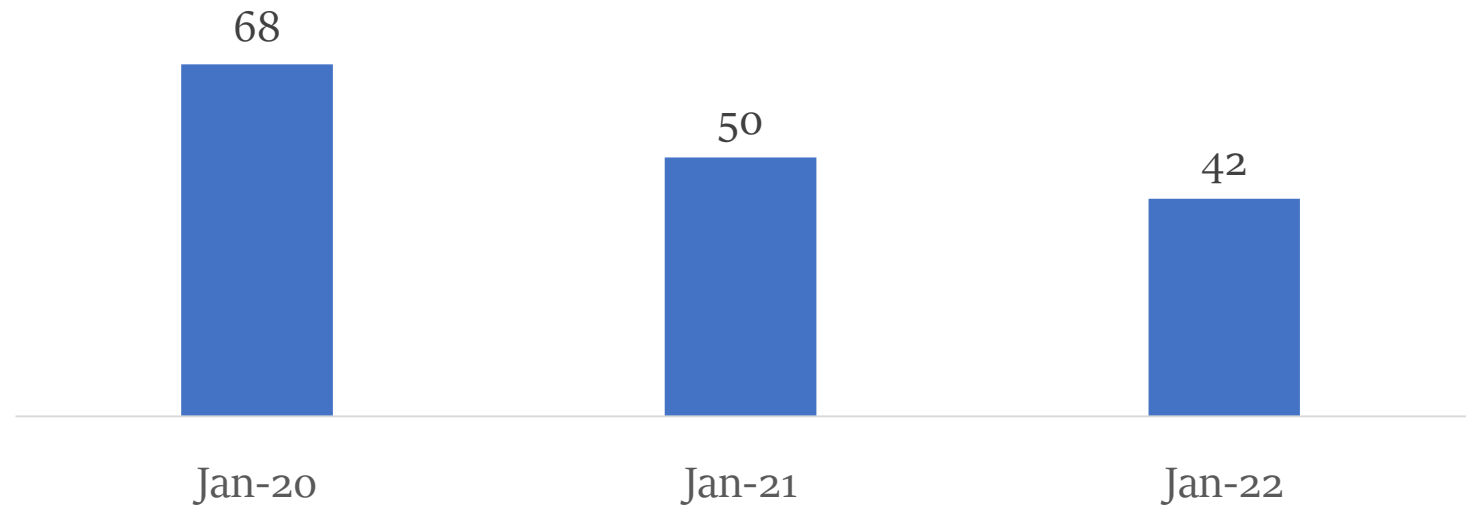


Median price Y/ Y % Change		
\$	296,750	17%
\$	334,000	13%
\$	370,000	11%

Source: [Rhode Island Realtors®](#)

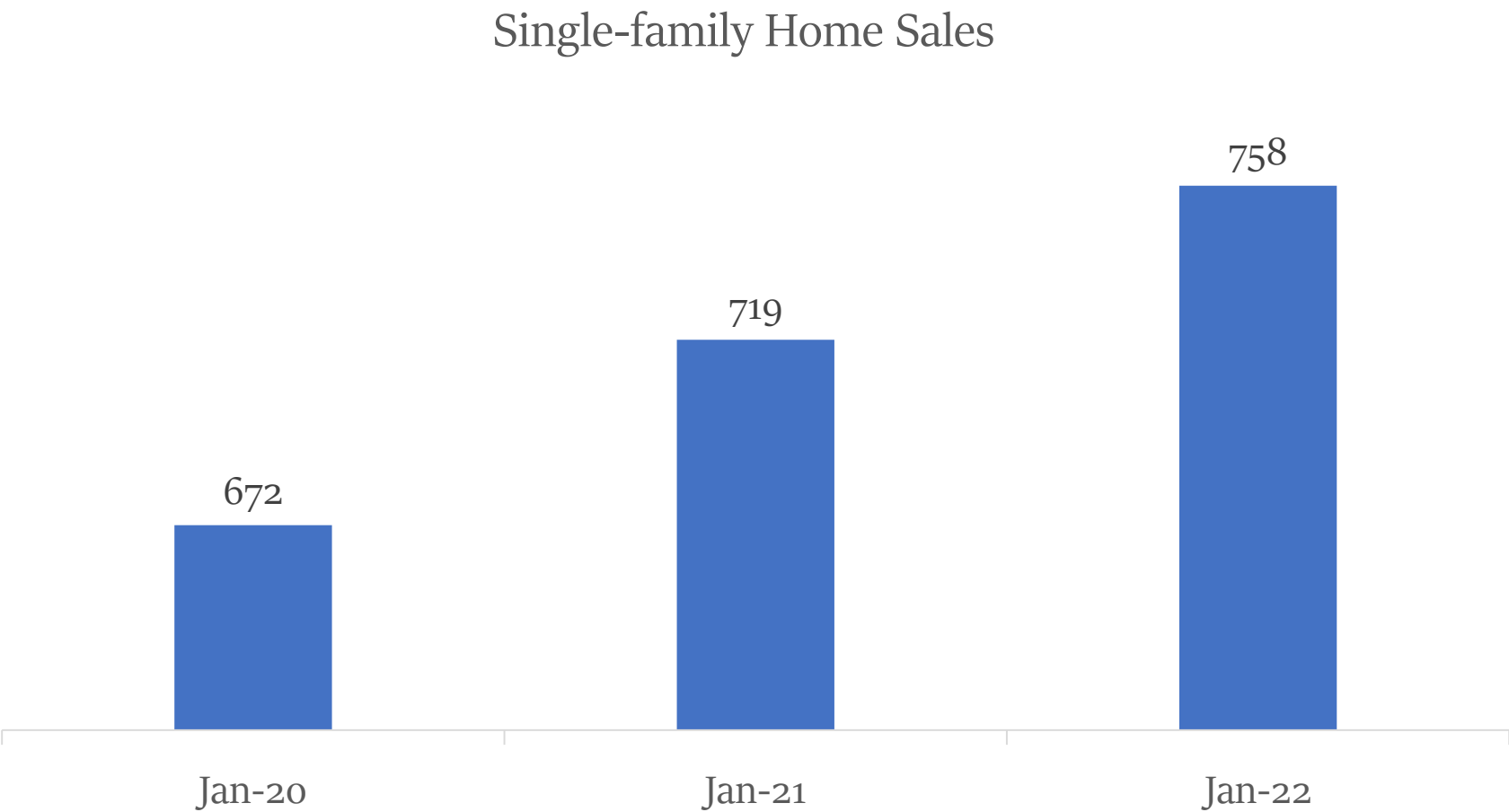
Properties
are selling
faster (-26
days vs.
2020)

Median days on market



- Source: [Rhode Island Realtors®](#)

Home sales are rising although at a slower pace of 5% in January 2022

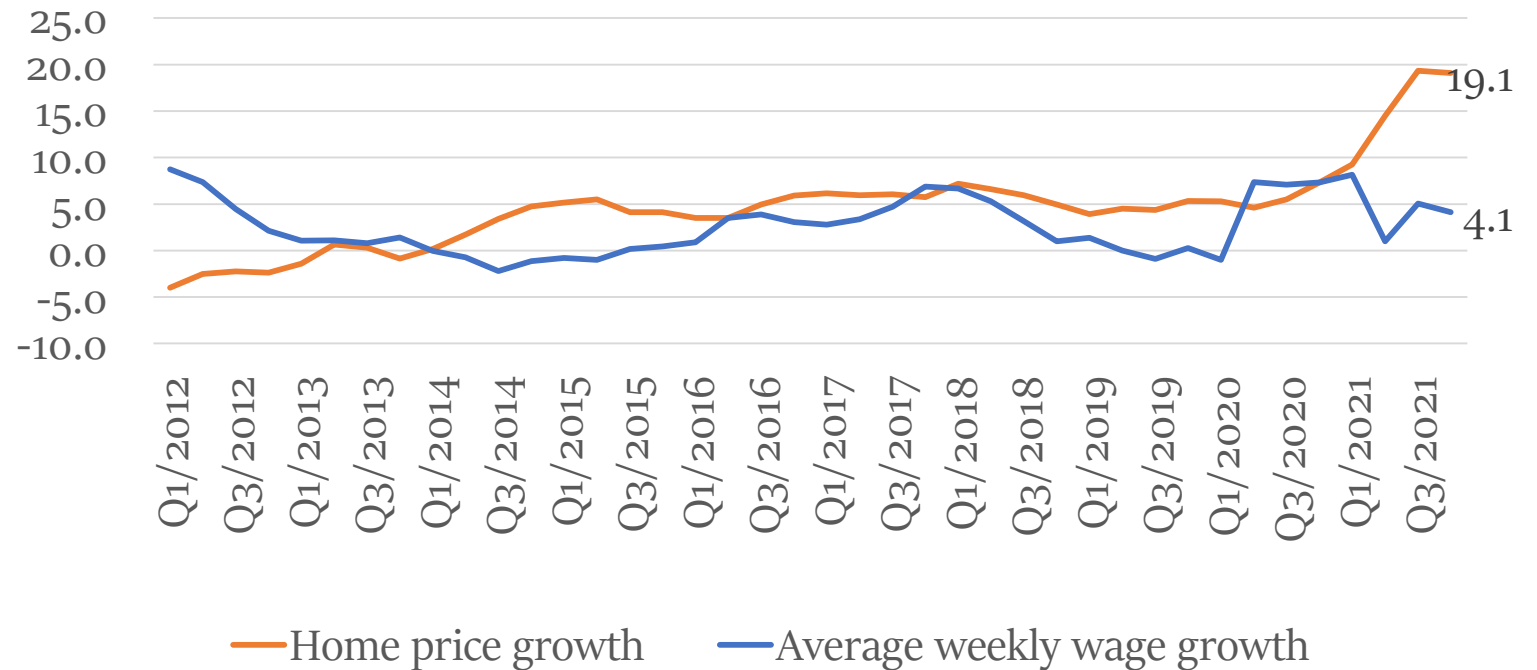


Source: [Rhode Island Realtors®](#)

	Sold	Y/ Y % Change
Jan - 20	672	14%
Jan - 21	719	7%
Jan - 22	758	5%

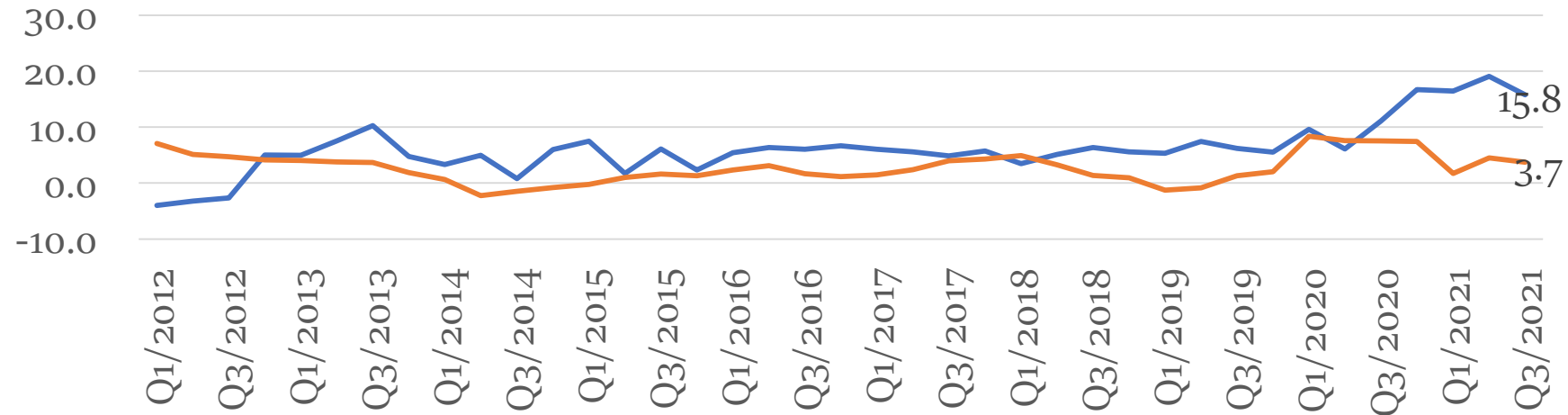
Home
prices* in
Rhode Island
are rising 5x
than wages

Y/Y Percent Change in Home Prices vs. Wages in
Rhode Island as of 2021 Q4



- *Price change is based on FHFA price index on repeat sales; average weekly wage is from Bureau of Labor Statistics

Y/Y Percent Change in Median Single-family Existing-Home Sales Price vs. Average Weekly Wages in Providence Warwick

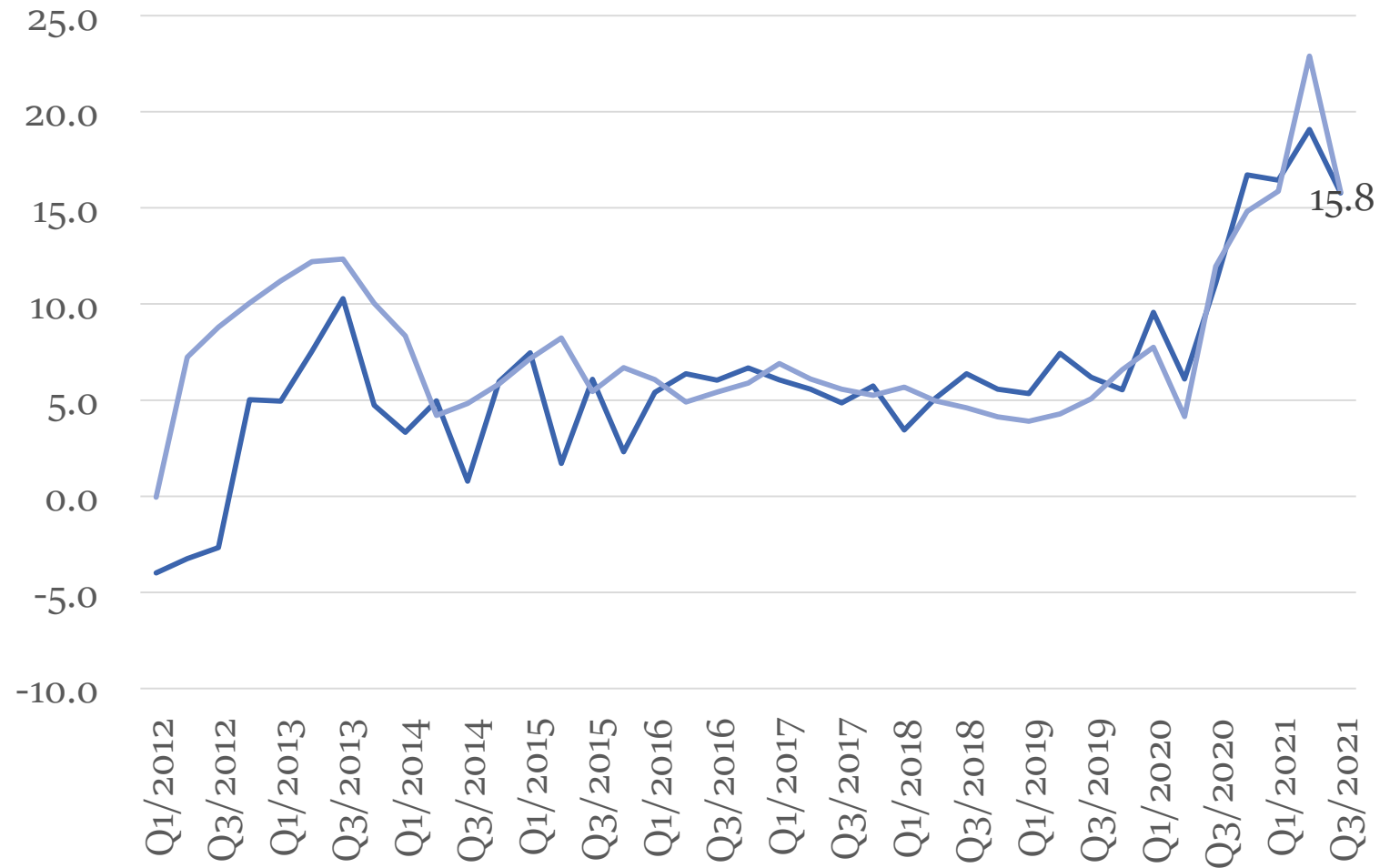


- *Price change is based on FHFA price index on repeat sales; average weekly wage is from Bureau of Labor Statistics

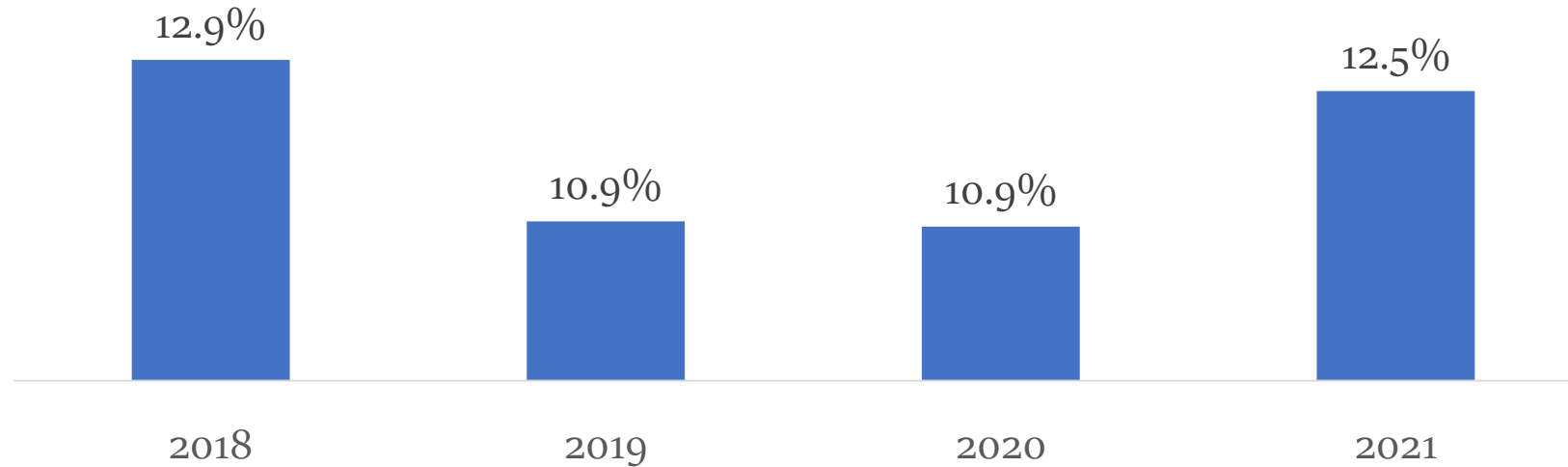
Home prices in Providence-Warwick are rising 4x than wages

Providence-
Warwick single-
family home
prices up 16%
as of 2021 Q4

Y/Y Percent Change in Median Single-family Existing-
Home Sales Price
Providence Warwick and U.S.



Share of institutional buyers to residential property purchases in Rhode Island

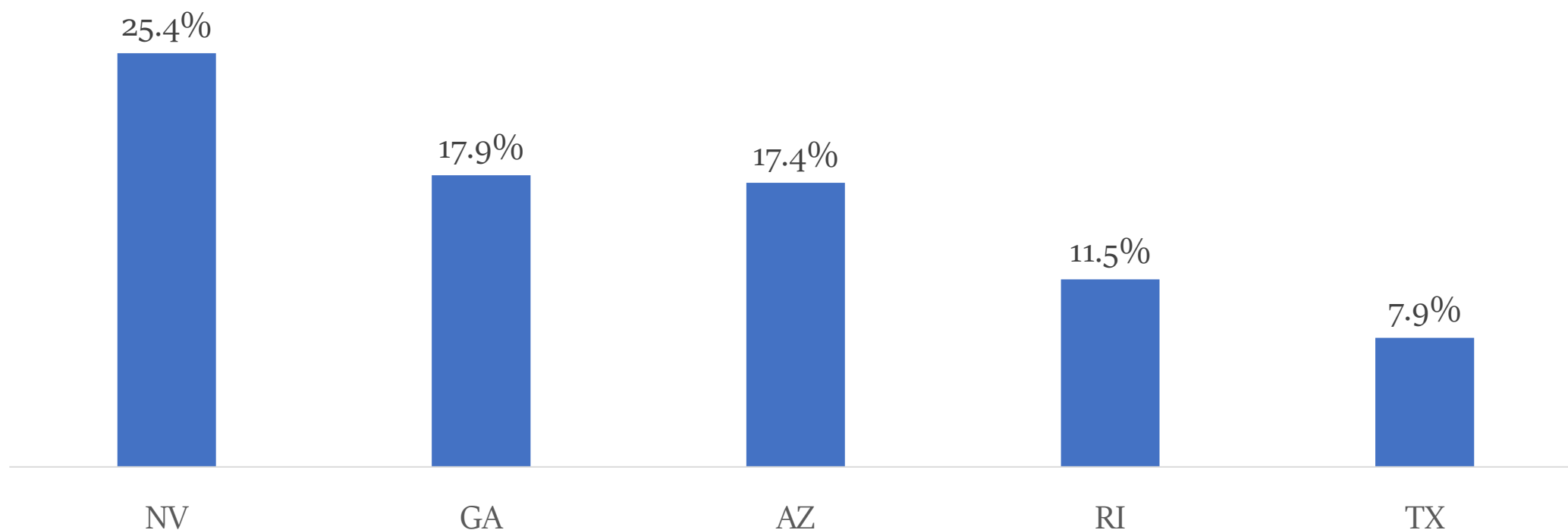


- Source: NAR analysis of Black Knight data. NAR delineated institutional buyers as buyers where the BUYER ID type was of the following: Builder/Developer, Corporation, Company or Corporation, Doing business as (DBA), Limited Liability Company, Limited Liability Partnership, Limited Partner, Limited Partnership, Sole Proprietorship.

Rising share of institutional buyers in Rhode Island

States with highest share of institutional buyers to total single-family purchase in 2021

Institutional buyer share of single-family purchases in the state in 2021

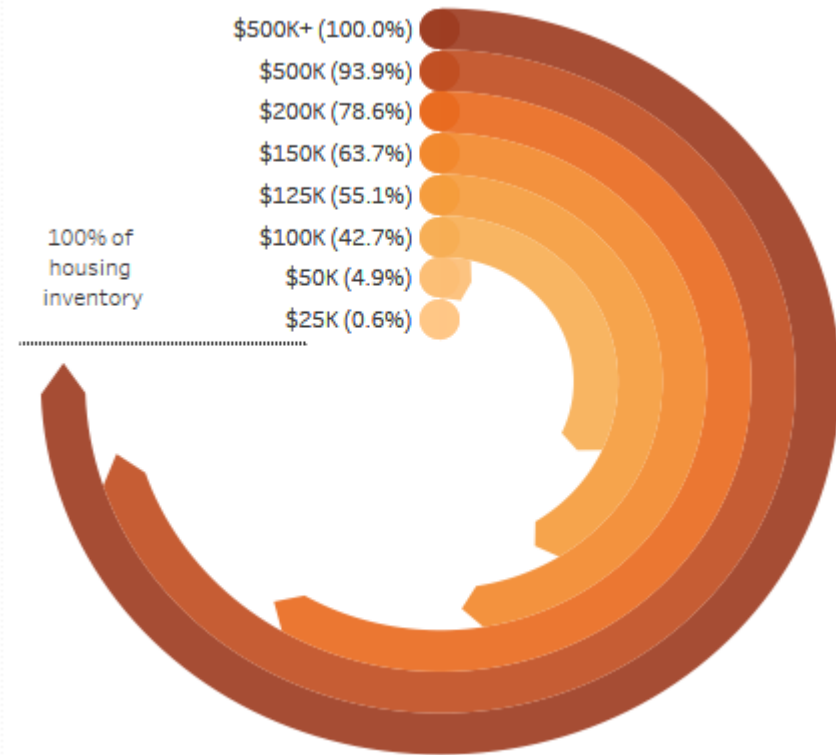


Source: NAR analysis of Black Knight data

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The impact of the “Double Trouble” in the Providence metro area

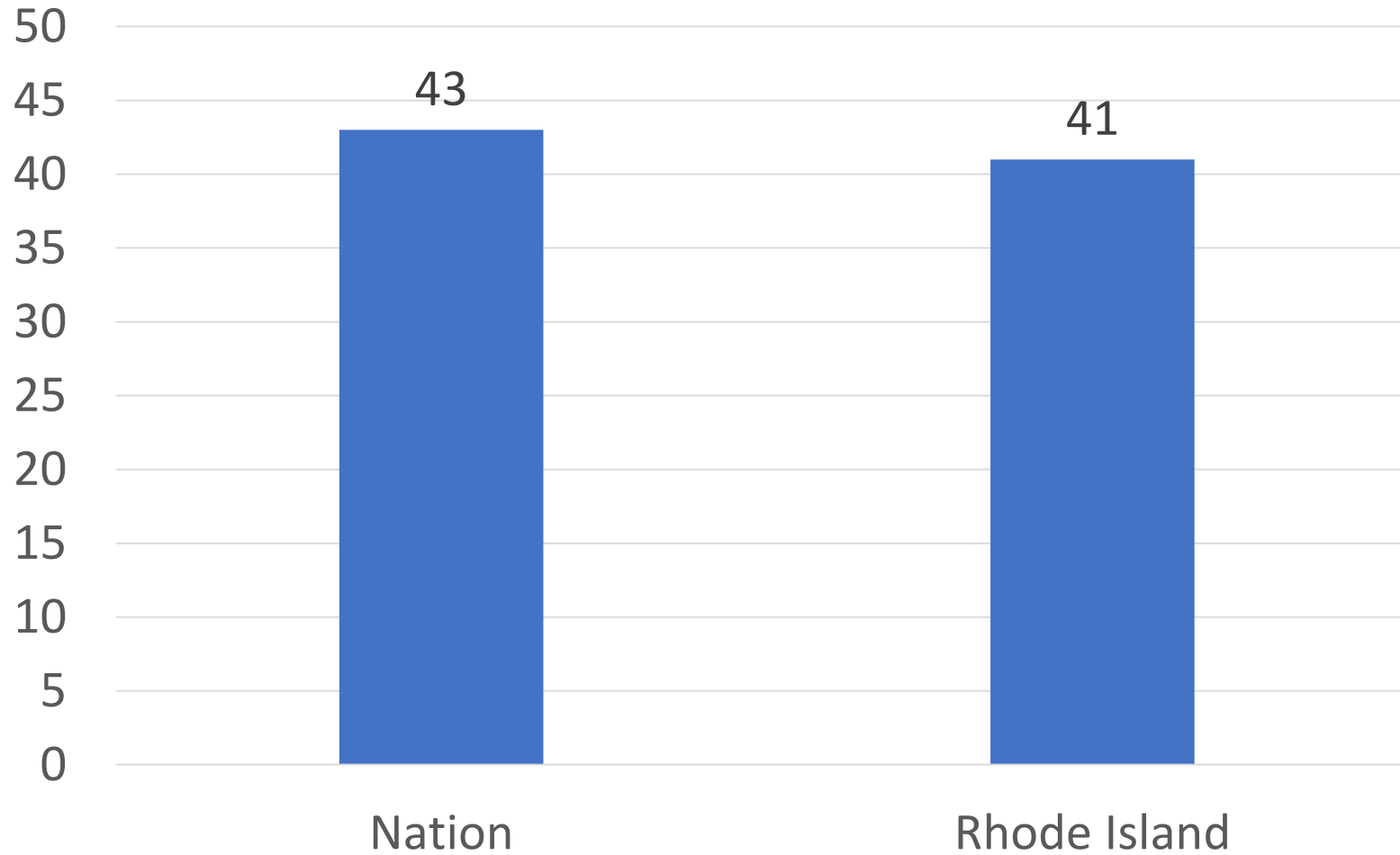
Share of homes for sale that households can afford to buy at the end of 2021



Homes households can afford to buy recently versus pre-pandemic

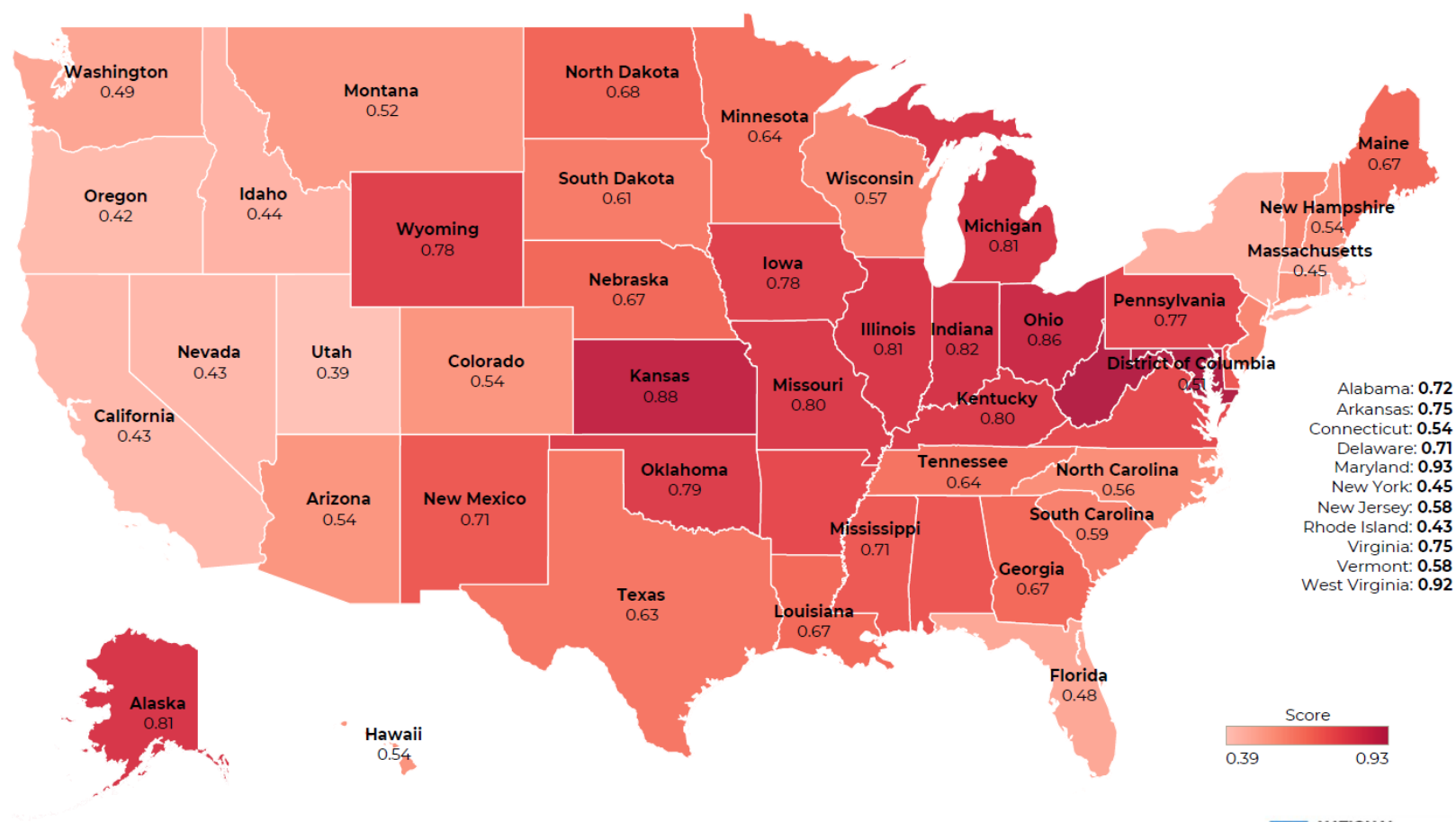
Income level	Number of homes that they can afford to buy	
	2021 (Dec)	2019 (Dec)
Less than \$15,000	6	12
\$15,000-\$24,999	7	26
\$25,000-\$34,999	13	66
\$35,000-\$49,999	45	197
\$50,000-\$74,999	191	758
\$75,000-\$99,999	472	1,633
\$100,000-\$124,999	727	2,337
\$125,000-\$149,999	883	2,820
\$150,000-\$199,999	1,057	3,228
\$200,000-\$249,999	1,219	3,535
\$250,000-\$499,999	1,333	3,751
\$500,000 and Up	1,486	4,004

Rhode Island had lower Black homeownership rate than nationwide as of 2020

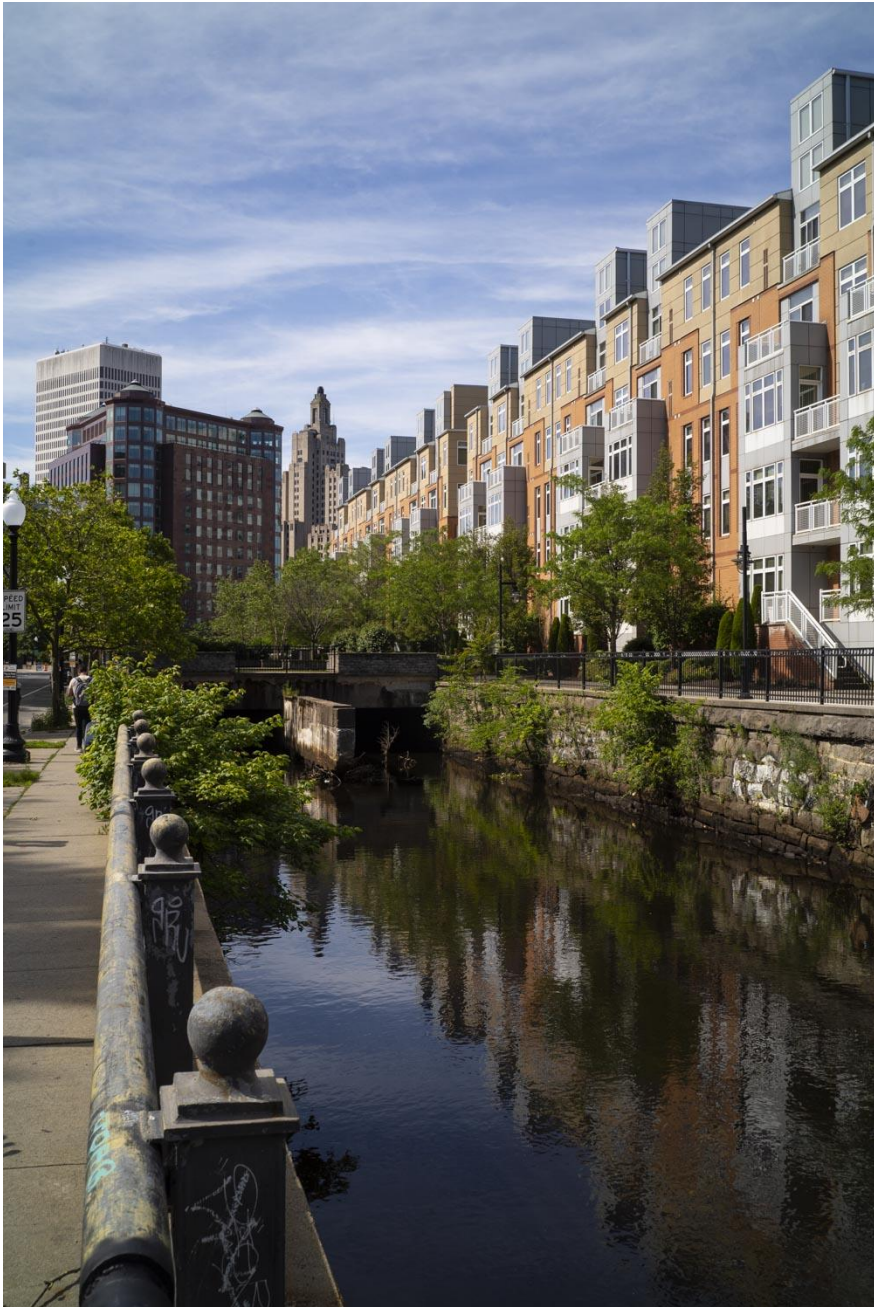


Affordability for Black households is low in Rhode Island

25% of the Black households in Rhode Island have an income higher than \$100,000. Nationwide, only 20% of Black households have that income. Yet, affordability score is lower.



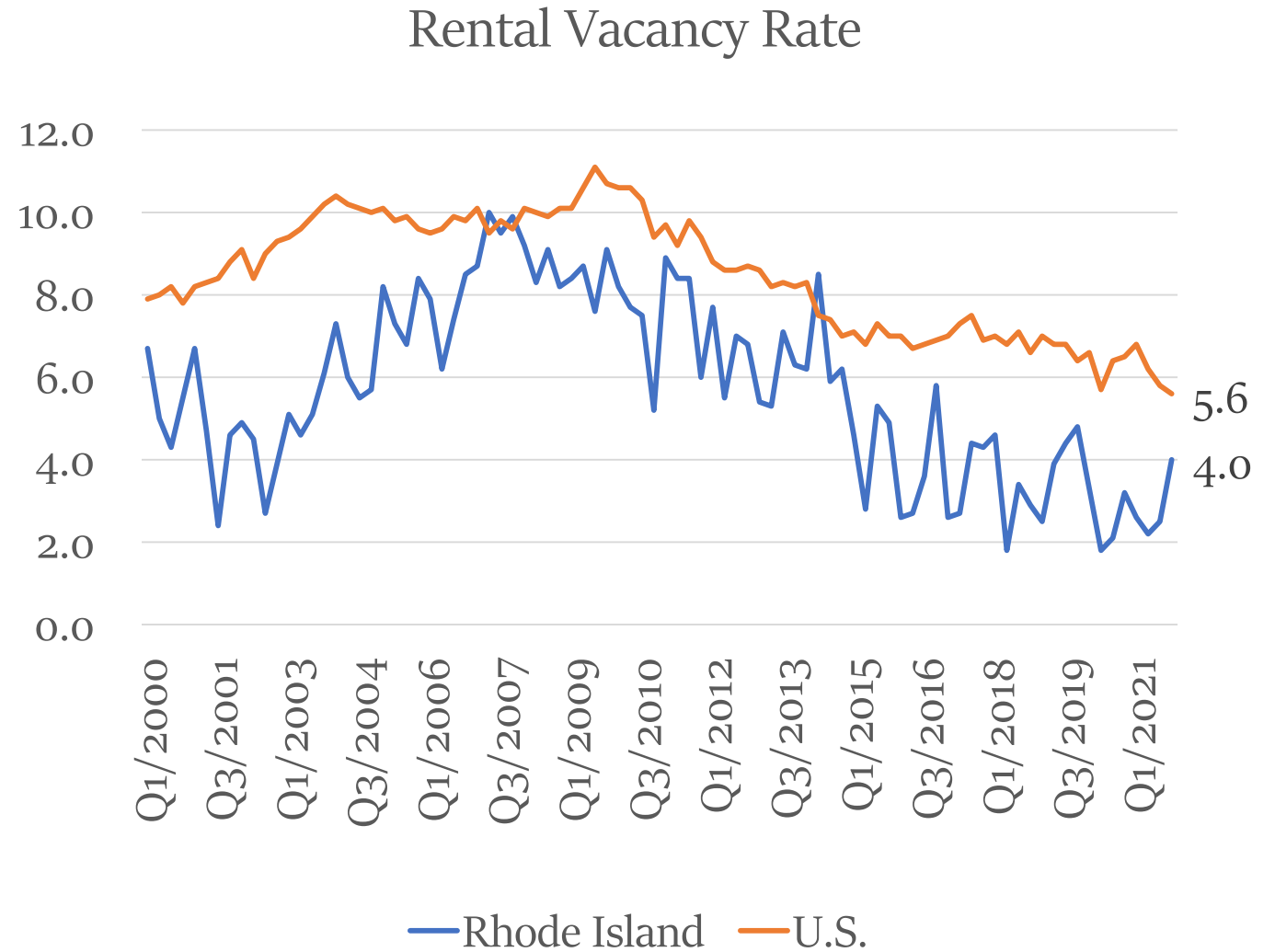
Source: NAR Calculations on 2020 HMDA data



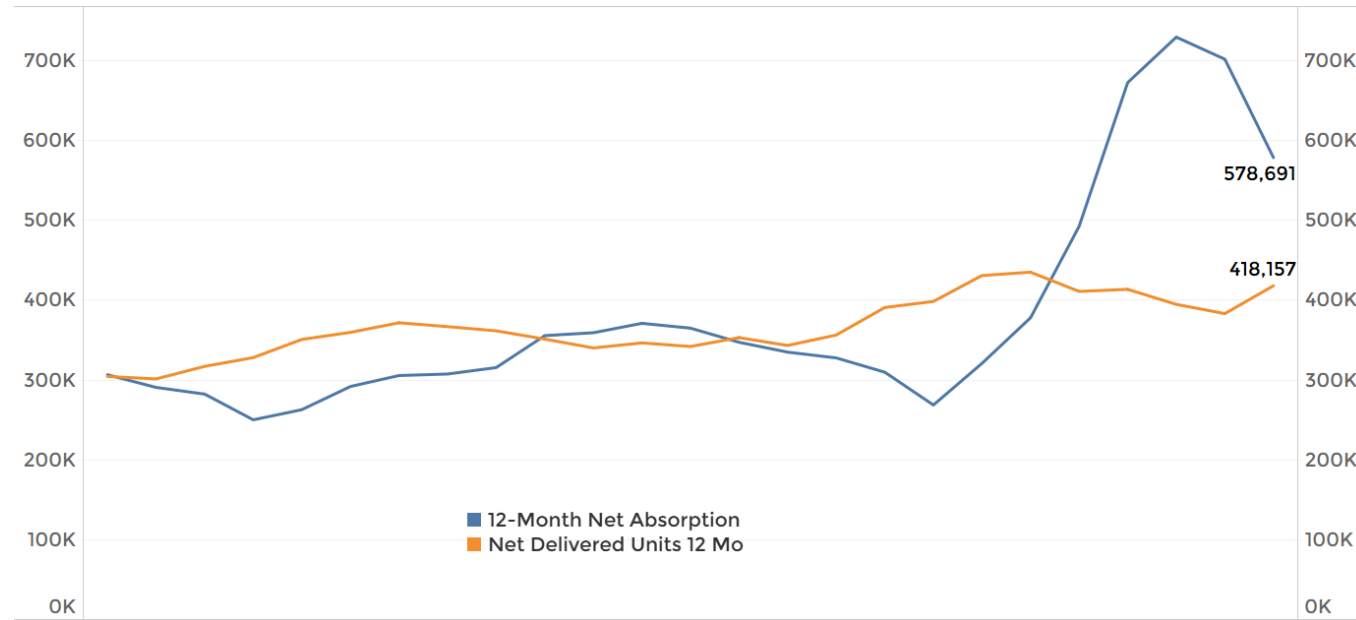
Rental Housing

Rhode Island rental
vacancy rate of 4%
is below U.S. rate

- *Source: US Census Bureau



Net absorption outpacing net deliveries in Providence - RI



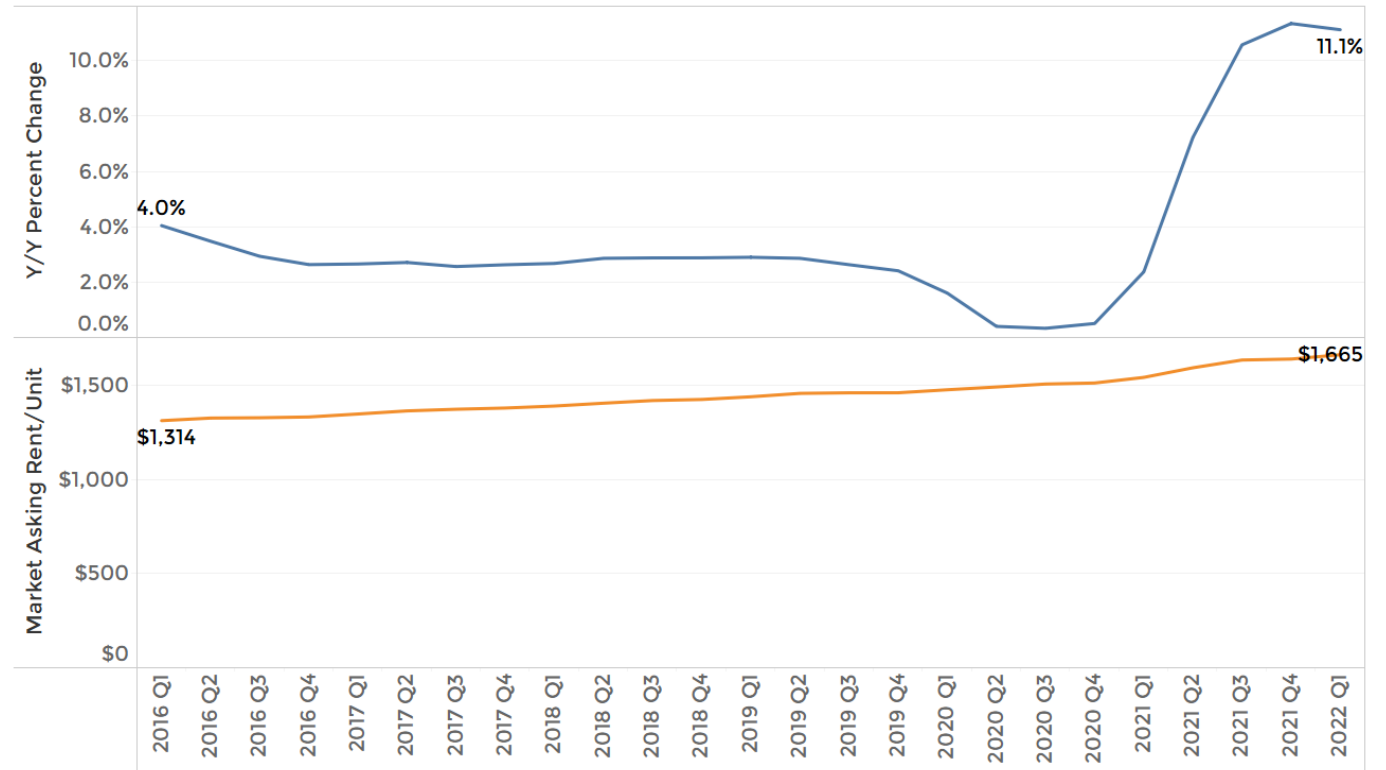
- *Source: NAR Analysis of CoStar

Apartment demand has been stronger than supply from 2021

Asking rent in
Providence
is up
11% y/y

- *Source: NAR Analysis of CoStar

Asking Rent in Providence - RI



Estimated Monthly Mortgage and Asking Rent in Providence -Warwick



Excluding property taxes, apartment asking rent is higher than the monthly mortgage in Providence-Warwick

- *Source: asking rent as of February 23 based on CoStar data; estimated monthly mortgage is based on NAR median sales price in 2021 Q4 of \$400,500, 10% down payment on a 30-year mortgage, 3.08% mortgage rate and 0.7% fees

Rhode Island Housing by the Numbers

Source: RI Housing 2021 Annual Report

RHODE ISLAND

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	61% OWN	39% RENT
1,057,231	410,489	\$67,167		

HOUSING COSTS

MEDIAN SINGLE FAMILY

Home price	\$319,000	5 YEAR COMPARISON
Monthly housing payment	\$2,154	2015 \$245,830 ↑ 2020 30% INCREASE

\$86,177 Income needed to afford this

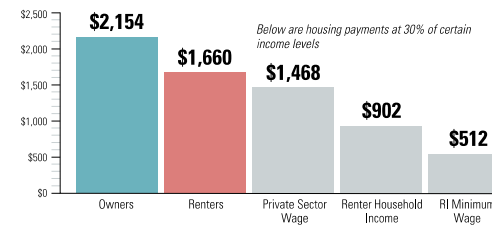
AVERAGE 2-BEDROOM RENT

Rental payment	\$1,660	5 YEAR COMPARISON
	\$1,617	2015 ↑ 2020 3% INCREASE

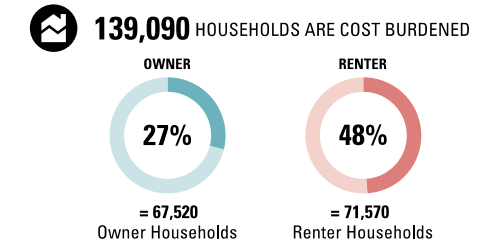
\$66,400 Income needed to afford this

AFFORDABILITY GAP

MONTHLY COSTS: OWNERS & RENTERS



COST BURDENED HOUSEHOLDS



A household is considered burdened if it spends 30% or more of its income on housing costs.

CURRENT HOUSING & DEVELOPMENT

HOUSING STOCK



INFRASTRUCTURE

REGION: N/A

Public Water
☐ Nearly Full ☒ Partial ☐ None

Public Sewer
☐ Nearly Full ☒ Partial ☐ None

MULTIFAMILY BY RIGHT IN RESIDENTIAL ZONES

☐ Yes ☐ No

Governed by Municipalities' Zoning Codes

RESIDENTIAL DEVELOPMENT ORDINANCES

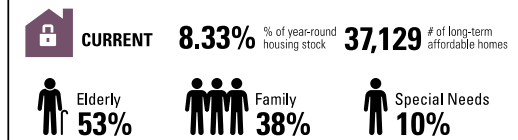


2020 BUILDING PERMITS: Total 1,420 Single-family 906 Multi-family 494 ADU 20

Includes municipally reported and US Census Building Permits Survey

LONG-TERM AFFORDABLE HOMES RI General Law: 45-53-3(9) Low or Moderate Income Housing

Number of households below HUD 80% area median income: **177,820**



ADDED UNITS

Ownership 52 Rental 312

PRESERVED RENTALS

190

State-Funded Homes

BUILDING HOMES RHODE ISLAND (Rounds I, II, & III): **3,246**

Observations:

- **Housing Shortage is Critical and Intense**
- Housing is a basic need.
- Sustainable homeownership is an advantage. Net worth of family who owns their home is in excess of \$250,000. Net worth of family who rent is less than \$5,000. (National Association of Realtors Data)
- 2016 RI Housing's Housing Works RI Report projection of **shortfall** of housing units for ten years would be **34,610 to 40,230**. Yet we have been building at a rate of less than **1500 new** units a year, (less than 15,000 of the need).

Observations:

- Many great projects are defeated or delayed by NIMBY mentality.
- Those projects that overcome those objections are often major success stories that do not have any of the issues that were first stated:
- Examples include.
 1. Sheridan Small Homes in Olneyville,
 2. The Newport Housing Authority,
 3. Turtle Crossing in Norton Ma.
- Strategies to stop development of affordable housing include requirements for additional study, environmental challenges, and when all else fails, legal suit.

Observations:

- Zoning arrived in large part in Rhode Island in the 1950s. Goal then was 1/4 acre homesite, with 1000-2200 sq. ft. cape, colonial, or ranch with picket fence and a garage.
- Zoning has been used to limit growth, with minimum lot sizes, limited units per lot, required frontage etc.
- "**Smart Growth**" is a proven approach—purpose is efficiency of cost, land use, energy efficiency, and sustainability.
- Our expectations of 'minimum' house size has changed...we can and will live in much smaller homes.
- We need more shelter. 1500 new units a year does not keep up with 34000 to 40,000 shortfall.

The opportunity:

- The **size of Rhode Island** is an **ADVANTAGE** and needs to be viewed as such.
- **Time has a present value.** Permitting and Approval processes need to be efficient. Environmental review time also needs efficiency.
- **The Law of Substitution** is Important to understand: If not this home, then this one, if not this town, then this one, if not Rhode Island, how about....
- **We need to make Rhode Island THE Choice**, not the discarded option for Rhode Islanders.



The opportunity:



- **Small Homes and Accessory Dwelling Units Movement ADU**
- Need to support laws that make it easier to build small homes
- Small homes cost 1/5 to build
- Small homes can provide a great number of the needed shelters, specifically for vulnerable residents and create first time home buyer opportunities.
- **Zoning & Permitting**
- Comprehensive review.
- What is intent? Are they to prevent or to encourage? Should not prevent creative, smart solutions.
- **Use** i.e. 2 vs 3 family
- **Time** for Process
- Creative and forward thinking
- Copy best practices

The opportunity:

**I - Rhode Islander:
Inspired,
Imaginative &
Inclusive**

Birthplace of Industrial Revolution:
Time to recapture our heritage

Rhode Island is a place of towns and cities
But also, of villages and neighborhoods
That's where people want to live
We need to create more of it





The opportunity:

Steps:

Identify every parcel in State

Highlight 'surplus land from every entity to incentivize Redevelopment. (Does not require environmental encroachment.)

Create momentum...Project that people can point to see us creating the future today

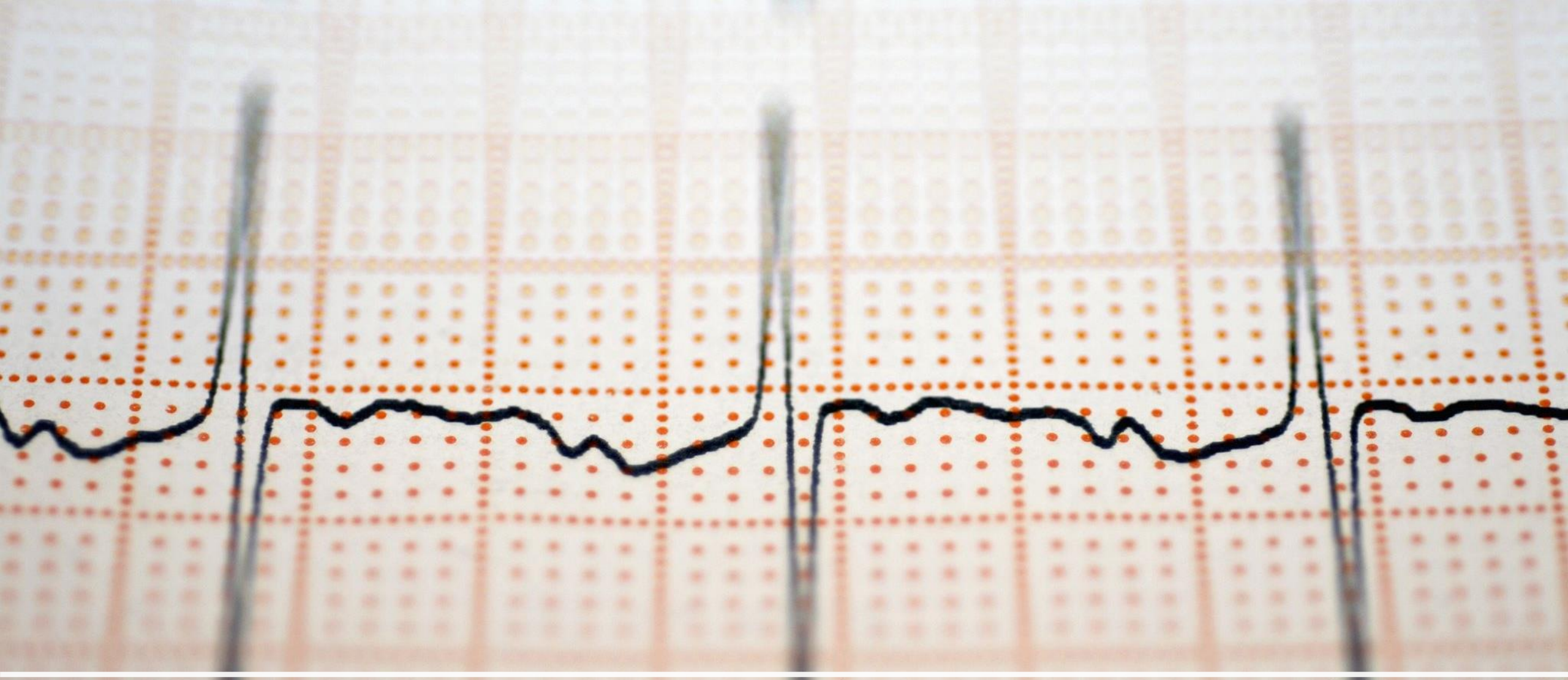
- **We need to be authors and architects of our future**

National Association of Realtors Housing Policy Recommendations to Increase Affordable

- Increase funding for affordable housing construction
- Preserve, expand and create tax incentives to renovate distressed properties
- Convert unused commercial space to residential units
- Encourage and incentivize zoning reform
- Allow more construction of apartments and single-family homes
 - Expedite permitting process
 - Do not delay with excessive environmental review



THANK you



Resources-Appendix

Sources

- National Association of Realtors Research Department Washington D.C.
- Dr Lawrence Yun, Chief Economist National Association of Realtors
- Rhode Island Association of Realtors
- Rhode Island Housing & Housing Works RI
- Smart Growth Council, NAR, "On Common Ground" Fall 2021

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