

PROVIDENCE ANTI-DISPLACEMENT AND COMPREHENSIVE HOUSING STRATEGY



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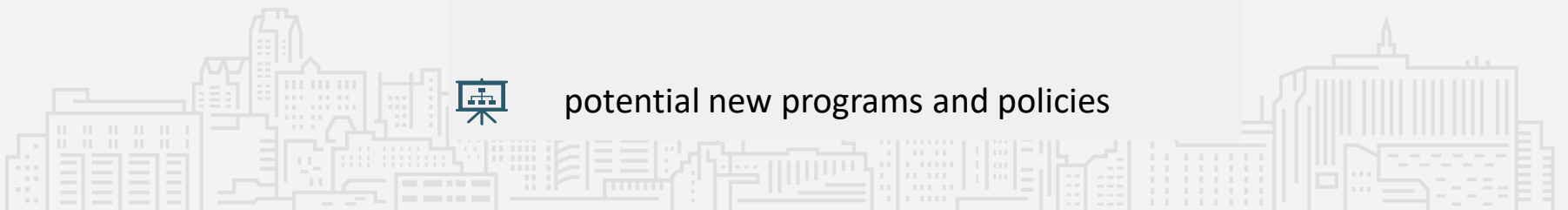
recommended policy changes



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potential new programs and policies



Key terms and definitions

- **Federal Housing Administration (FHA)** – A U.S. agency that sets standards for construction and underwriting; and insures loans made by banks and other private lenders for home building
- **FHA Lending** – Standardized lending requirements (i.e. primary mortgage insurance) for federally insured loans utilizing down payments less than 20% of the purchase price
- **Conventional Lending** – Standardized lending requirements for federally insured loans that utilize 20% or more down payments of the purchase price
- **Area Median Income (AMI)** – A metric calculated by the U.S. Department of Housing and Urban Development (HUD) to determine the income eligibility requirements of federal housing programs
- **Unit** – A structure or the part of a structure used as a residence place by one person or more people who maintain a common household
- **Income-Controlled Housing/Unit** – A housing unit with a deed restriction to rent/sell to households below a certain income level (AMI) at a rate below the HUD cost burden threshold
- **Market Rate Housing** – A housing unit that are unrestricted to rent/sell at full market prices
- **Owner-Occupied** – A housing unit occupied by the deed-recorded owner of the property
- **Owner-Occupant** – A household that is the deed-recorded owner of a property that also lives in one of the units on that property

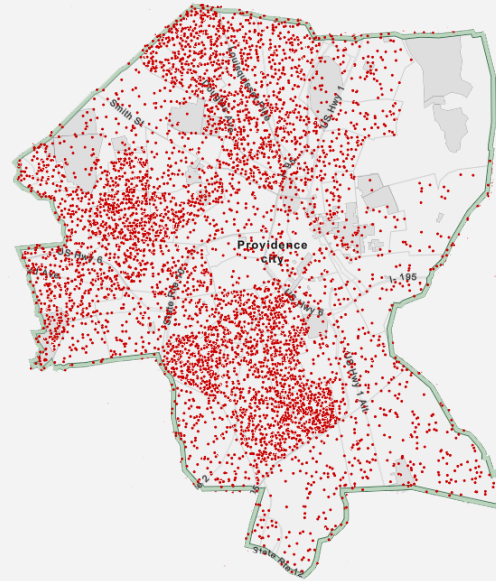


STRATEGY, VISION, AND GOALS

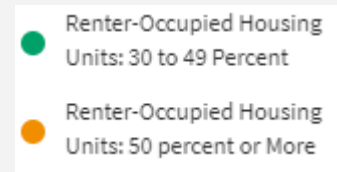
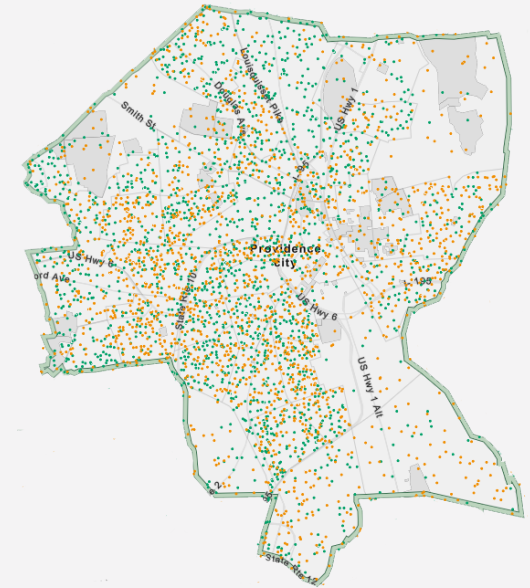


Access, Equity, and Justice

Historic redlining concentrated and segregated families and households in the city of Providence. Our communities still deal with the effects of decades of racist and unequal policies today.



2018 Black Population



Housing Goals: Overview

- Provide rental and ownership housing choice opportunities for Providence residents of all incomes throughout the City
- Ensure new residential development complements Providence's diverse neighborhoods
- Encourage price diversity in all new housing development
- Expand homeownership opportunities for Providence residents
- Preserve Providence's unique, historic housing stock to promote healthy living conditions



Production Goals: Considerations

- Production and preservation goals reflect current unmet need and projected need over a ten-year period
- These goals should guide community and partner action, not just City policy and investment
- Overall housing need greatly outweighs available resources; this plan should be used to guide decisions for how and where to invest limited housing resources
- Specific study area recommendations reflect unique needs/opportunities with a focus on housing choice and diversity



Production Goals: Ownership

- Price Diversity
 - Greater affordability (50% AMI to 100% AMI) in the East Side and Downtown
 - More market rate pricing (>120% AMI) throughout the City
- Cluster and small lot development preferred
 - Increases affordability; while being scale appropriate to a City
- Existing rehabilitation programs equally important as new construction
- Type Diversity
 - Increase innovative ownership opportunities to complement existing neighborhoods
 - Refine zoning policies to accommodate greater housing choice citywide
 - Incentivize ownership housing in areas with low homeownership rates



AMI Threshold	Current Unmet Demand	Corresponding Annual Production Levels	Projected Unmet Demand (2030)	Corresponding Annual Production Levels	Total Annual Target Production Levels
50% to 80%	0	0	(355)	40	40
80% to 100%	0	0	(159)	20	20
100% to 120%	(194)	20	(114)	15	35
Over 120%	(2,992)	300	0	0	300
TOTAL	(3,186)	320	(628)	75	405

production goals: annual ownership unit delivery targets



Production Goals: Rental

- **Price Diversity**
 - Increase choice for lowest income households outside Broad Street/Elmwood, Olneyville/Hartford, and northwest part of the City
 - Higher end development can alleviate downward pressure on market
 - Continue to maximize land assets in Downtown and Woonasquatucket Corridor
- **Type Diversity**
 - New construction efforts should focus on greatest needs (efficiencies and one-bedrooms)
 - Focus rehabilitation efforts to improve existing larger units
- **Location**
 - Priority should be given to areas well served by low-cost transportation, access to services, access to retail/conveniences, and proximity to jobs



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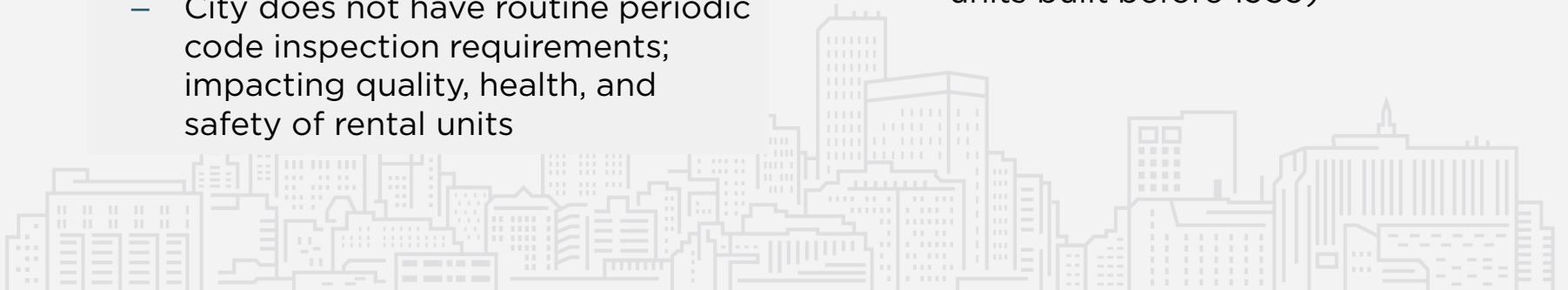
AMI Threshold	Current Unmet Demand	Corresponding Annual Production Levels	Projected Unmet Demand (2030)	Corresponding Annual Production Levels	Total Annual Target Production Levels
Under 30% AMI	(5,103)	400	(1,583)	100	500
30% to 50%	0	0	(528)	40	40
50% to 80%	0	0	(343)	30	30
80% to 100%	0	0	0	0	0
Over 100%	(2,988)	200	0	0	300
TOTAL	(8,091)	600	(2,454)	170	870

production goals: annual rental unit delivery targets



Rehabilitation Goals: Rental and Owner Unit Rehabilitation Assistance

- Rental housing rehabilitation should be a priority
 - HUD estimates 307 units lack complete plumbing facilities; 521 lack complete kitchen facilities
 - 65% of Providence’s rental units built prior to 1959 (approximately 37,000 units)
 - Professional management not prevalent in Providence
 - Anecdotal reports of illegal units, overcrowding
 - City does not have routine periodic code inspection requirements; impacting quality, health, and safety of rental units
- Homeowner assistance to lessen deferred maintenance
 - More than 30% of homeowners in Providence earn less than \$50,000 annually
 - Expand programs targeted at seniors and lower income households to ensure rehabilitation for health and safety needs, and to encourage aging in place
 - Continued investment in lead paint remediation (75% of ownership units built before 1959)



KEY FINDINGS



Summary Findings

- **Extremely Low-Income Housing Needs**
 - As with most communities, there is not enough price-appropriate housing for households earning below 30% area median income (AMI)
- **Age of Housing/Property Maintenance**
 - Providence’s housing is very old. Long-term disinvestment combined with the lack of choice for low- and moderate-income households have led to healthy housing issues.
- **Neighborhood Choice/Opportunities**
 - Income-controlled housing and supportive service housing are concentrated in the northwest part of the City and the Broad Street/Elmwood Avenue area.
 - Some areas— such as the East Side, Downtown, and the Woonasquacket Corridor— have very little opportunity for moderate income households.



Summary Findings (con't.)

- **Insufficient Code Enforcement**
 - The lack of required periodic inspection has exacerbated property maintenance issues, particularly since more than 70% of Providence’s housing was built prior to 1959.
- **Housing Type and Homeownership**
 - There is a reported market preference for single family homes, but most of the ownership options are multifamily structures (two-family and three-family structures). This presents-substantial challenges for potential homeownership households earning below 80% AMI.



Key Findings: Rental Affordability Analysis

- The City's unmet demand is at the lowest and highest ends of the market
 - Rental housing for households <30% AMI
 - Invest in creating more choice across the difference subareas throughout the City
 - Rental housing for households >120% AMI
 - Use demand to help produce additional affordability (i.e. access to TSA funding)
- General oversupply of housing units for households between 50% and 80% AMI throughout the City
 - Households in this income range are pushed out of the market due to unmet demand at highest end of the market
- Demand for centrally located, highly amenitized units driving most new construction projects
 - Downtown and East Side the predominant focus for both new construction and adaptive reuse projects



Rental Housing Supply and Demand by HUD AMI Income Threshold City of Providence, RI (2019)

AMI Threshold	Under 30%	30%-50%	50%-80%	80%-100%	100%-120%	Above 120%	Total
Annual HH Income	\$19,650	\$32,800	\$52,400	\$65,600	\$78,720	\$78,720+	
Rent Level	\$491	\$820	\$1,310	\$1,640	\$1,968	\$1,968+	
Studio							
Supply	1,716	517	826	389	144	86	3,678
Demand	1,162	494	483	210	179	424	2,952
Gap	554	23	343	179	(35)	(338)	726
1 Bedroom							
Supply	5,346	2,559	4,059	1,376	383	502	14,225
Demand	5,504	2,338	2,289	993	845	2,009	13,979
Gap	(158)	221	1,770	383	(462)	(1,507)	246
2 Bedrooms							
Supply	2,280	4,581	9,520	3,287	818	736	21,222
Demand	4,598	1,953	1,912	830	706	1,678	11,678
Gap	(2,318)	2,628	7,608	2,457	112	(942)	9,544
3 or More Bedrooms							
Supply	1,522	2,713	7,700	3,234	877	1,758	17,804
Demand	4,703	1,998	1,956	849	722	1,717	11,946
Gap	(3,181)	715	5,744	2,385	155	41	5,858
TOTAL							
Supply	10,864	10,370	22,105	8,286	2,222	3,082	56,929
Demand	15,967	6,784	6,640	2,881	2,453	5,829	40,554
Gap	(5,103)	3,586	15,465	5,405	(231)	(2,747)	16,375

Key Findings: Homeownership Affordability Analysis

- In general, Providence has a large supply of affordable homeownership opportunities for households making over 80% AMI (\$58,950)
 - But only when accounting for rental income an owner could receive for two-and three-family structures; removing projected rental income leads to a large shortfall of affordable units for households earning below 80% AMI
- Providence does not have enough housing units to meet demand at the highest income levels over 120% AMI (\$88,560)
 - Not enough housing for households making more than 100% AMI without rent allowance
 - Lack of supply of high-end ownership housing drives up prices and demand for less-expensive units



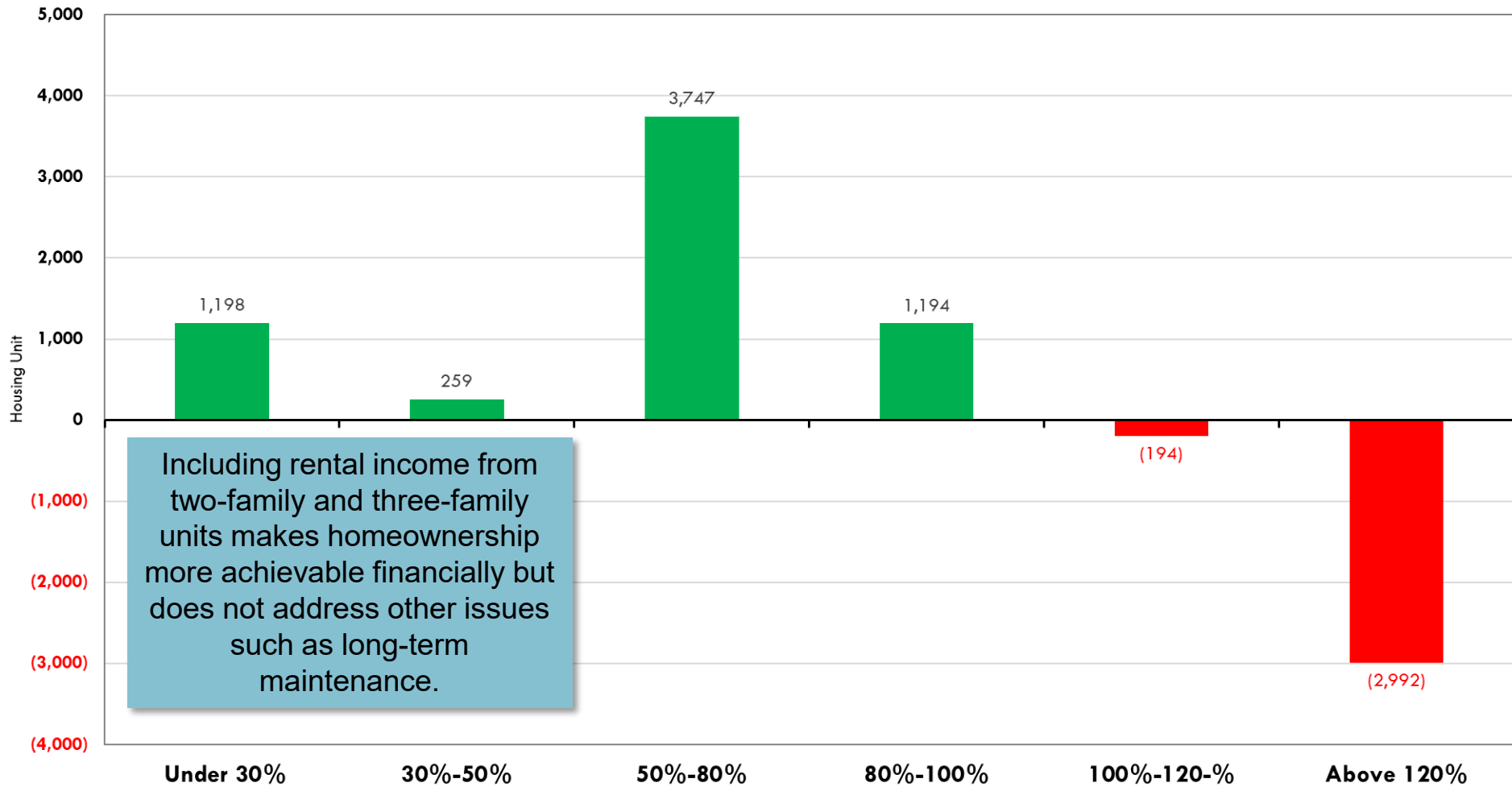
Key Findings: Homeownership Affordability Analysis (con't.)

- However, the type of units in Providence is reducing overall demand for homeownership
 - Much of City's ownership supply is two-and three-family structures
 - Local real estate professionals indicate that higher income households prefer single family homes
 - Other factors are also impacting homeownership demand in Providence (i.e. schools)



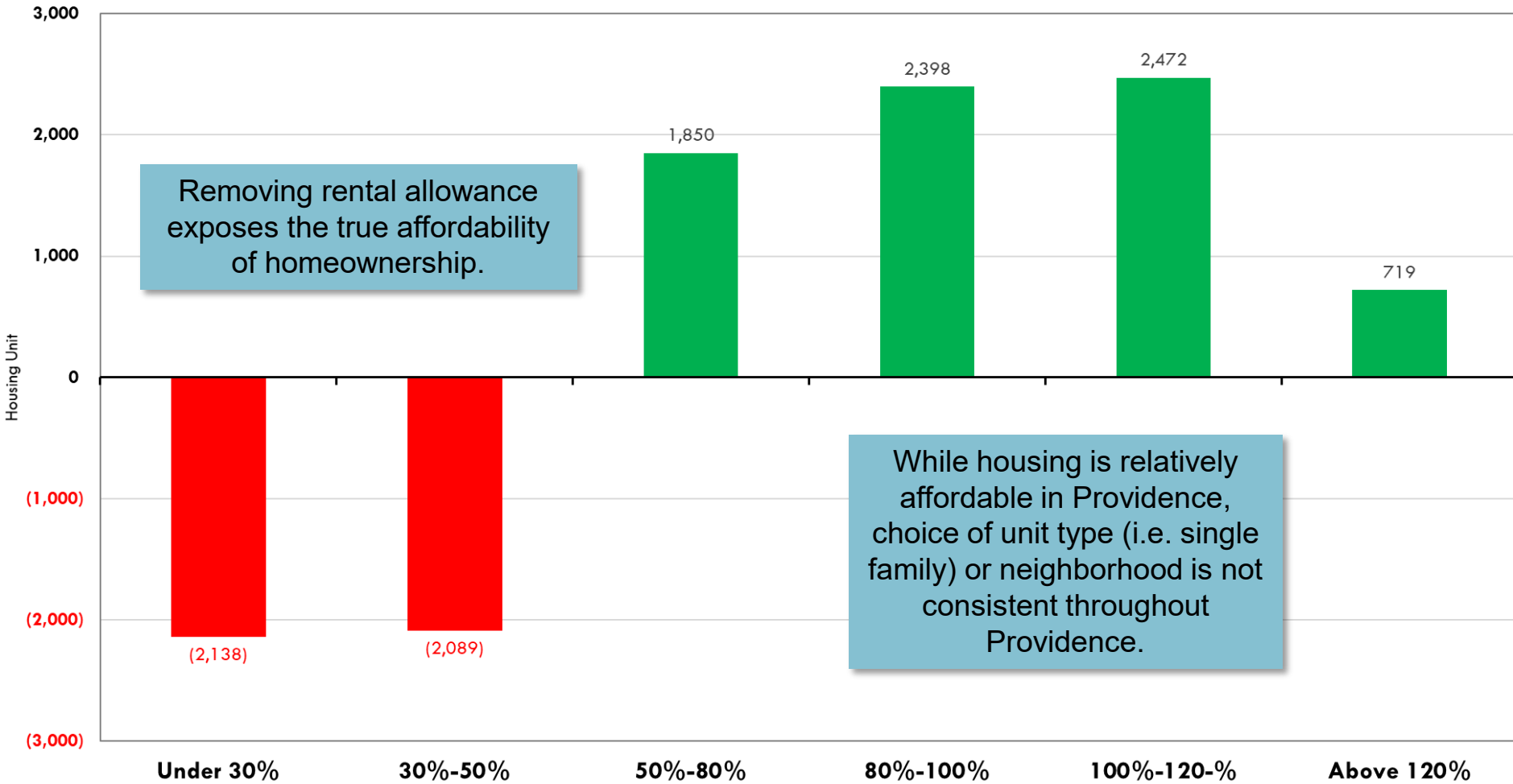
Ownership Housing Supply/Demand Equilibrium by HUD Income Threshold; FHA

WITH RENT ALLOWANCE FOR TWO- AND THREE-FAMILY UNITS



Ownership Housing Supply/Demand Equilibrium by HUD Income Threshold; FHA

WITHOUT RENT ALLOWANCE FOR TWO-FAMILY AND THREE-FAMILY UNITS



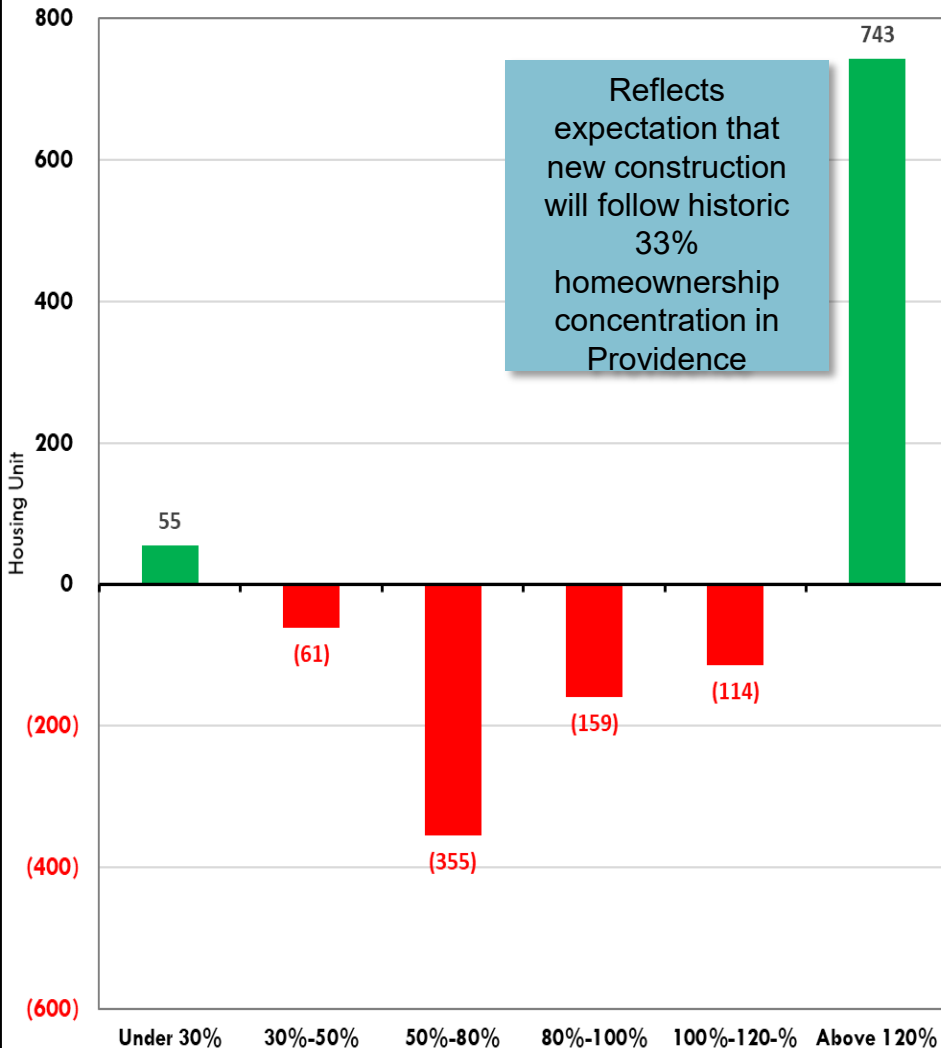
Key Findings: Future Development Supply Analysis

- **Recent development boom poised to continue**
 - Approximately 1,850 units delivered in the past decade
 - 1,849 proposed units known to the City (820 currently under construction)
 - 226 of the 1,849 units will be income controlled (12.2%)
 - 93% of proposed affordable units are concentrated in Olneyville/Hartford and Broad Street/Elmwood Avenue areas
- **Homeowner households projected to increase in all income groups except under 30% AMI**
 - Strongest growth in households earning between 50% to 80% AMI (600-800 new HHs by 2030)
 - Likely will drive greater price difference between single-family homes and two- and three-family homes
- **There is a mismatch between rental development patterns and projected demand**
 - Development is concentrated in higher-end units (particularly Downtown) but projections show substantial increase in households earning below 80% AMI through 2030
 - Units are not being filled as quickly; COVID-19 is causing concern in development community
- **Greatest increase expected in households earning less than 30% AMI because:**
 - Providence has highest concentration of modest-priced housing in the region
 - Other communities' land use policies discourage housing price and unit type diversity
 - Providence is RI's service and employment center



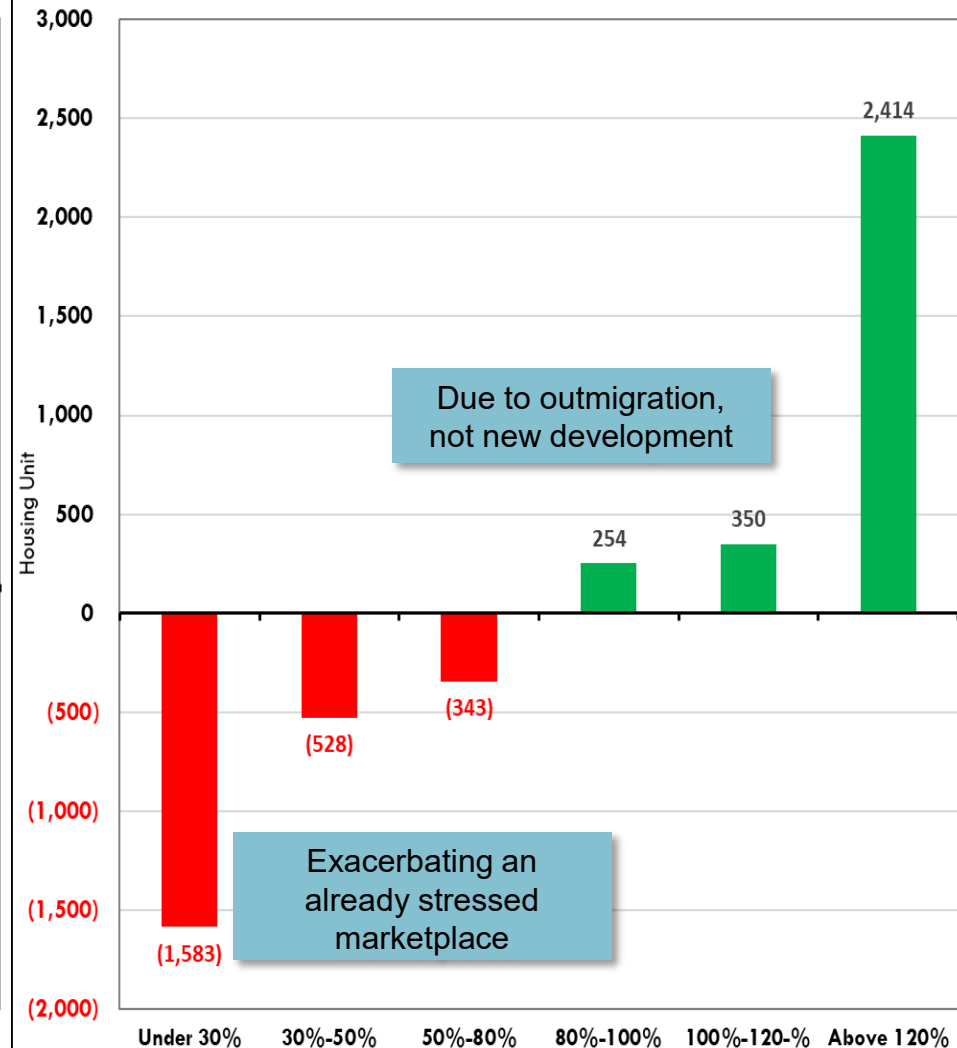
Projected Supply/Demand Equilibrium for Ownership Units 2020-2030

City of Providence, RI



Projected Supply/Demand Equilibrium for Rental Units 2020-2030

City of Providence, RI



EXISTING PROGRAMS



Existing Programs: Observations

- City currently using resources in the areas most in need
 - Home repair and home safety
 - Development of price-controlled housing
 - Addressing vacant and abandoned homes
 - Encouraging homeownership
- The issue is not “how” but “how much”
 - The need greatly dwarfs existing resources
 - Prioritization of the use of existing resources is important
 - Meet City goals
 - Address location-based challenges
- Focus should be on results-based investment
 - The City’s resources should be applied to entities/projects that provide the greatest return
 - Number of households served, advantageous locations, support service access...



Existing Programs

- **Home Repair Program**
 - Provides 0% interest loans for home repairs to income eligible owner-occupants (under 80% AMI)
- **Down Payment and Closing Cost Assistance**
 - Homebuyer assistance based on income qualifications (under 80% AMI)
- **Lead Safe Providence Program**
 - Forgivable loans to become lead safe qualified
- **Housing Trust (Providence Redevelopment Agency)**
 - Housing acquisition and disposition, lending and financing, new construction and rehabilitation
 - Recent City commitment of 10% of property tax payments from properties with a TSA agreement
- **Every Home Initiative**
 - Addresses vacant and abandoned properties



Existing Programs

- **HUD Entitlement Programs**
 - HOME - resources for new construction of income-controlled housing
 - CDBG - Funds Home Repair and Every Home
 - HOPWA - Housing program for persons with AIDS/HIV
 - ESG - Housing assistance for homeless persons
- **COVID-19 Emergency Response Funds (2020-2021)**
 - Approximately \$3.6M spent in the following program areas:
 - Rental assistance
 - Support services
 - HOPWA
 - ESG (\$3.3M)



NEW FUNDING STRATEGIES



New Funding Strategies

new city revenues



- ❖ tax stabilization commitment
- ❖ dedicated ad valorem millage
 - ❖ linkage fee

education and outreach



- ❖ building capacity
- ❖ educate decision-makers on public private partnership process
- ❖ bring leaders and partners together
 - ❖ creatively promote development
- ❖ target specific investment areas

leveraging strategies



- ❖ overview of new funding strategies
- ❖ focused partnership concept
- ❖ investment fund concept
- ❖ collaborate to grow results



New City Revenues: Tax Stabilization Revenue



Action

City pledged 10% of TSA revenue to Trust Fund
Equates to approximately \$1.1M-\$1.4M each year over next several years
Providence Redevelopment Authority should consider issuing a new housing bond between \$17M and \$20M

Benefit

Increased funds available to implement projects
Can be used for new construction, rehabilitation
Can be used to attract private investment and public-private partnerships

Factors

Continued commitment of City funds to affordable housing
Continued advocacy for long-term commitment to housing needs



New City Revenues: Dedicated Ad Valorem Millage Rate



Action

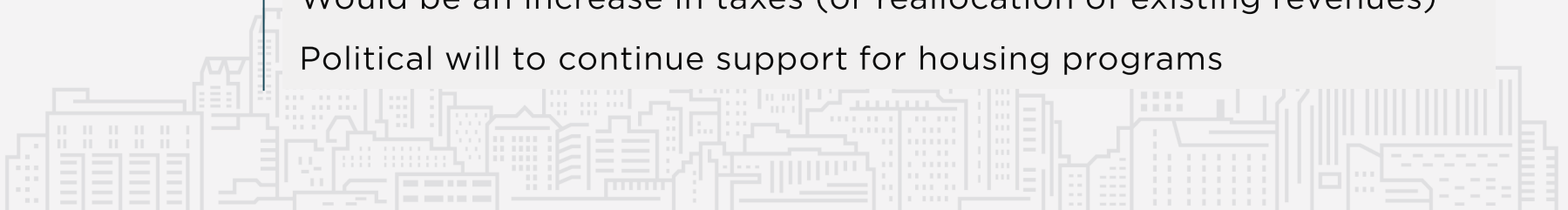
Commit \$0.10 millage to housing programs
Would generate approximately \$1.1M annually (2019 basis)
Can be bonded against

Benefit

Increases money available to implement programs
Can be used for new construction, rehabilitation, support services
Can be used to attract private investment/PPPs

Factors

Initial impact and long-term commitment
Would be an increase in taxes (or reallocation of existing revenues)
Political will to continue support for housing programs



New City Revenues: Commercial Development Linkage Fee



Action

Create a fee for new commercial development
Would be calculated based on size of project
Would need to perform a nexus study to establish rates

Benefit

Creates revenue for housing programs
Mitigates housing impact of new jobs on City's housing market
Can be used to fund various programs

Factors

Can adversely impact commercial market
Additional cost to build non-residential development
Revenue irregular based on activity; tough to bond against

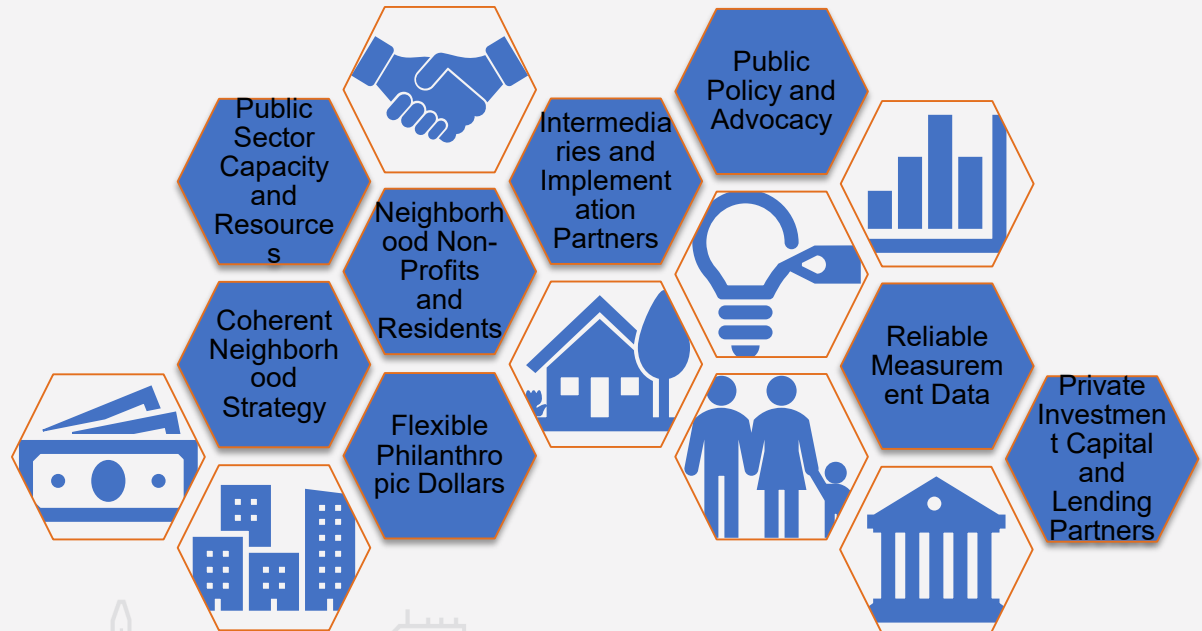


Education and Outreach

Goal: Building Capacity



- The City needs to play a leadership role in bringing together public, private, and nonprofit partners to collaborate. By improving partner coordination and forming creative partnerships, the City can direct more resources to residents that need them most.



Education and Outreach: Research, develop, and implement public-private partnerships and innovative financing models



Action

Work with City housing, development, and innovation decision makers to implement innovative financing models (insert specific models here)

Increase local decision makers' awareness of the need, complexity, and opportunity of public private partnerships

Benefit

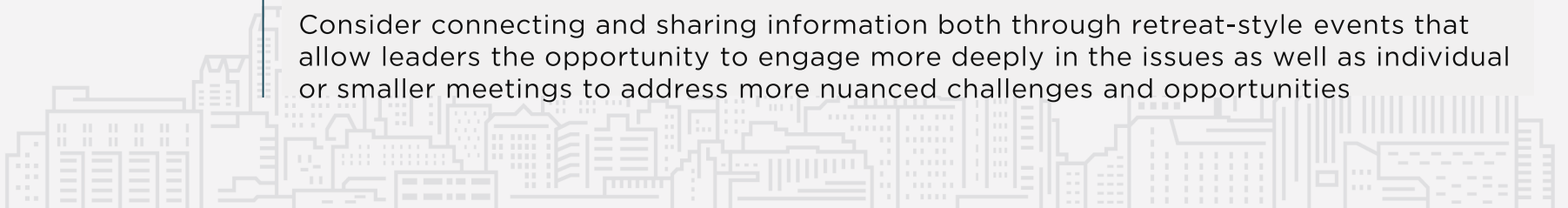
Shared information and priorities will lead to informed decision-making

Internal coordination strengthens engagement with public, builds on existing cross-department efforts, and enables improved partnerships with private and non-profit partners

Factors

Establish regular communication flow and coordination through an official channel (e.g. a task force)

Consider connecting and sharing information both through retreat-style events that allow leaders the opportunity to engage more deeply in the issues as well as individual or smaller meetings to address more nuanced challenges and opportunities



Education and Outreach: Bring Leaders and Partners Together



- **Explore new models for public-private partnerships**
 - Study new models to increase available units of quality affordable housing
 - Serve households and communities that historically have been underserved
- **Convene potential partners to discuss shared goals.**
 - Partners review data, identify community needs, and develop a plan together
 - Use public funds attract additional partner investment
- **Work with partners to develop and carry out an agreed-upon plan to create more quality affordable housing**
 - Explore new and better ways to pay for quality affordable housing
 - Support the activities of people, policies, businesses and community organizations focused on quality affordable housing and supportive services



Education and Outreach: Creatively Promote Development



Action

Work in partnership with external organizations to design creative financial and policy incentives that reduce costs for developers to produce housing and make more total funding available for developers and property owners

Benefit

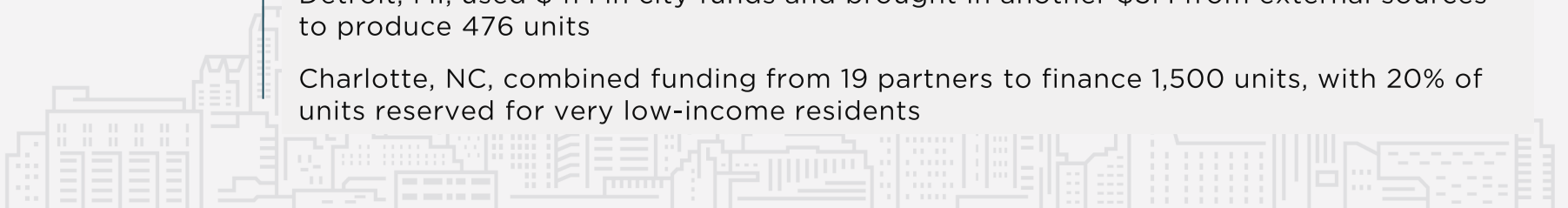
Construction of more units in less time with the same level of City funding
Improved condition of existing affordable housing
Increased stability for lower income residents

Example

With \$2.6M in City and Federal funds, Providence built 33 housing units while:

Detroit, MI, used \$4M in city funds and brought in another \$5M from external sources to produce 476 units

Charlotte, NC, combined funding from 19 partners to finance 1,500 units, with 20% of units reserved for very low-income residents



Education and Outreach: Target Specific Investment Areas



Action

Identify areas where specific housing goals are supported by all investment partners

One approach is the Neighborhood Revitalization Strategy Area (NRSA)

Targets and promotes racial equity in housing

Benefit

Provides greater flexibility for CDBG funds

Signals investors/partners the City's focus

Can create greater leveraging for greater impact

NRSA

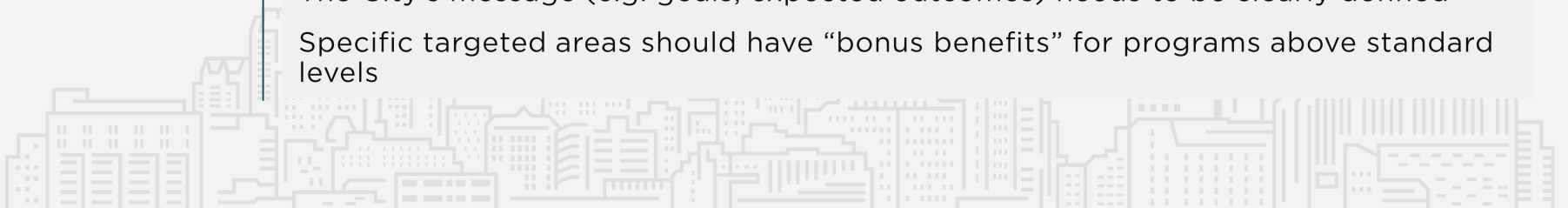
NRSAs are HUD approved areas targeted for revitalization, where grantees are afforded enhanced flexibility in undertaking economic development, housing and public service activities with their CDBG funds.

Factors

Targeting specific areas/product types requires a detailed plan

The City's message (e.g. goals, expected outcomes) needs to be clearly defined

Specific targeted areas should have "bonus benefits" for programs above standard levels



Overview: New Funding Strategies



- Identify opportunities to **concentrate investments** in specific areas
 - Attract funders by designating specific locations in the city as targeted investment areas
 - Bring needed attention to, and financial investment in, historically underserved neighborhoods
- Set up a **focused partnership**
 - Partner with a bank or hospital to achieve affordable housing and supportive services goals
 - Arrange for partner to contribute matching funds, administrative help, or other resources that support housing goals
- Create an **investment fund**
 - Several partners contribute knowledge and money, share the responsibility and risk of new projects, and rapidly grow quality affordable housing units



Leveraging Strategies: Focused Partnership Concept



Action

Partner with a bank, hospital, or Community Development Financial Institution (CDFI)

Combine City's capacity and funding with partner's money, administrative help, other resources

The relationship leverages the public dollars to attract private investment, increasing total funds

Example

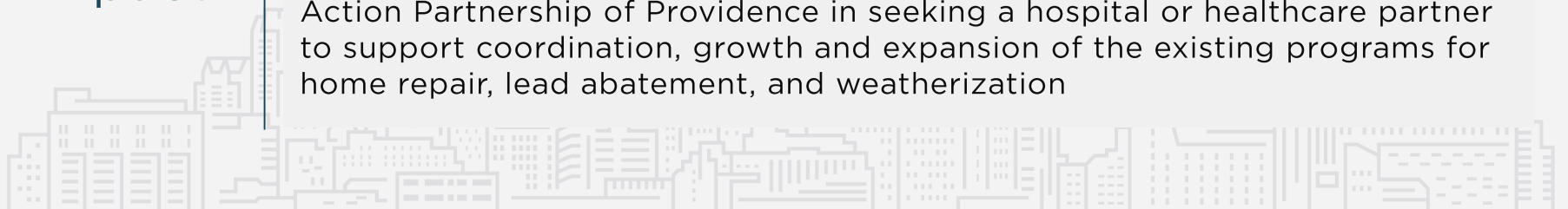
Detroit partnered with a bank to launch a 0% interest home repair program in 2015

Through a community process, they established 5 geographic areas to target investment

They provided interest-free loans from \$5,000 - \$25,000 to help homeowners repair their homes

Impact

The City of Providence could engage the Health Department and Community Action Partnership of Providence in seeking a hospital or healthcare partner to support coordination, growth and expansion of the existing programs for home repair, lead abatement, and weatherization



Leveraging Strategies: Investment Fund Concept



Action

Bring multiple partners together to address a specific challenge, in this case unmet housing demand

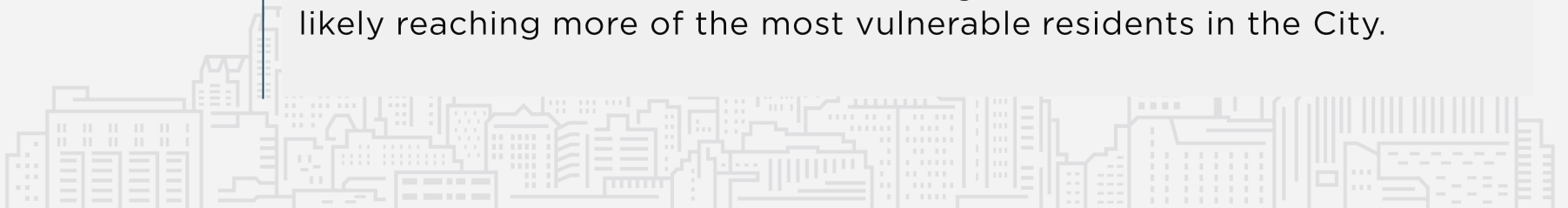
Partners add capacity and resources while sharing risk to support housing projects

Example

Charlotte, NC, ranked 50th out of 50 in economic mobility. Over a dozen partners joined the city to create the Charlotte Housing Opportunity investment fund to spur production of more mixed-income housing for low-to-moderate income households and improve economic mobility.

Impact

The City of Providence can use a similar strategy to convene partners and combine resources to meet housing demand over the next decade, likely reaching more of the most vulnerable residents in the City.

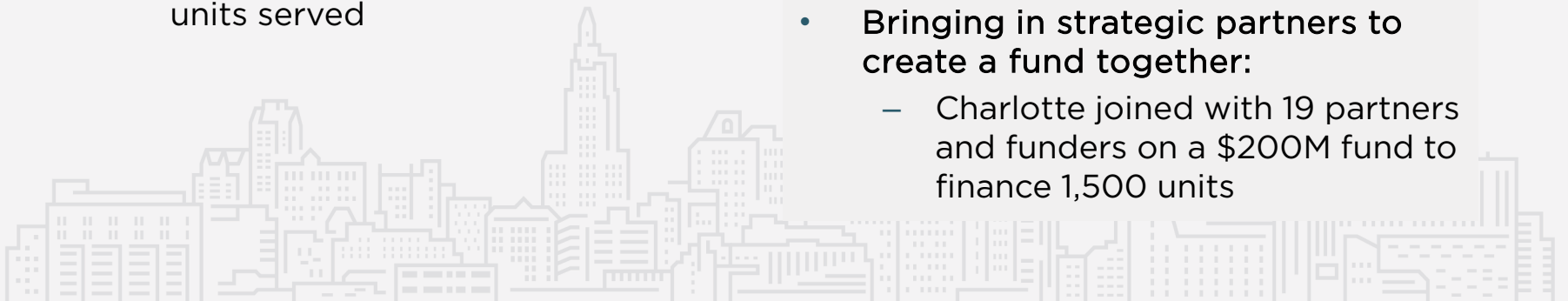


Leveraging Strategies: Collaborate to grow results



By bringing strategic partners to the table, the City gets to focus its role and activities on creating conditions for change through policy and market incentives, aggregating and deploying resources, and improving quality of life for residents, while partners contribute complementary support. Ultimately, the City can serve more of the population.

- **City resources only**
 - Providence invests \$300k to repair 20 homes per year over 5 years
 - Other cities have partnered with banks and more than doubled units served
- **Bringing in partners such as CDFIs, foundations:**
 - Detroit: \$9.2M loaned for 476 units
 - Toledo: ProMedica-LISC \$25m Health Impact Fund
- **Bringing in strategic partners to create a fund together:**
 - Charlotte joined with 19 partners and funders on a \$200M fund to finance 1,500 units



RECOMMENDED POLICY CHANGES



Recommended Policy Changes

policy



- ❖ Bonus density program
 - ❖ Tax stabilization requirements
- ❖ 8% tax act requirements
- ❖ Multifamily millage rate
- ❖ State funding advocacy

zoning



- ❖ Non-conforming lots
- ❖ Accessory dwelling units
 - ❖ Student housing
- ❖ R-1 and R-2 conversions
- ❖ Expand rowhouse use
- ❖ Cluster development
- ❖ Remove R-4 lot minimums

regulations



- ❖ Expedited review process
- ❖ Long-term commitment requirement



Policy Strategies: Bonus Density Program



Action

Offer residential developments more units than allowed by-right in exchange for affordability

Establish a minimum percentage of affordability to obtain the bonus units

Benefit

Creation of more income-controlled units

Can be targeted as low as 50% AMI for rental; 70% AMI for owner

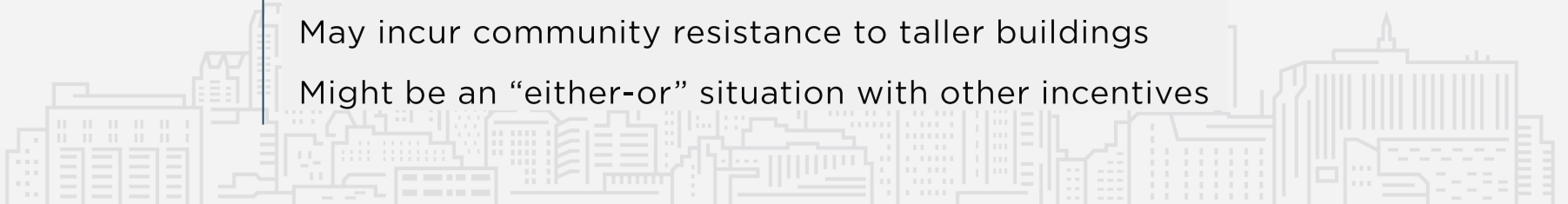
Maximizes limited land resources within the City

Factors

Bonus density means more housing units

May incur community resistance to taller buildings

Might be an “either-or” situation with other incentives



Policy Strategies: Tax stabilization agreement requirements



Action

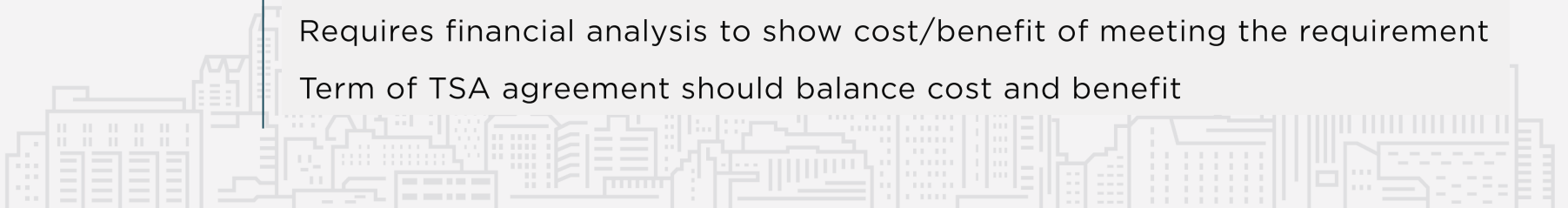
- Require affordability commitments at or below 80% AMI to get an extended TSA term
- Meet 10% of all units at the 80% AMI to get 12-year commitment
- Can do sliding scale requiring larger percentage commitment for longer TSA term

Benefit

- Codifies minimum delivery of affordability
- Ties the financial benefit to a minimum delivery of units

Factors

- Requirement needs to match financial benefit
- Requires financial analysis to show cost/benefit of meeting the requirement
- Term of TSA agreement should balance cost and benefit



Policy Strategies: 8% tax act requirements



Action

Revise eligibility for the program to include a minimum commitment of income-controlled units; at least half of income-controlled units at or below 80% AMI

Benefit

Creates mix of supported income levels

Improves upon current policy which only requires 100% AMI thresholds

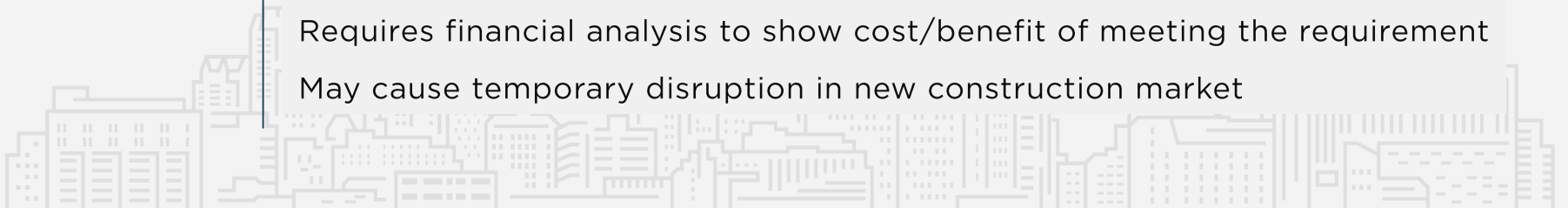
Ties financial benefit to income-controlled housing

Factors

Requirement needs to match financial benefit

Requires financial analysis to show cost/benefit of meeting the requirement

May cause temporary disruption in new construction market



Policy Strategies: Multifamily millage rate



Action

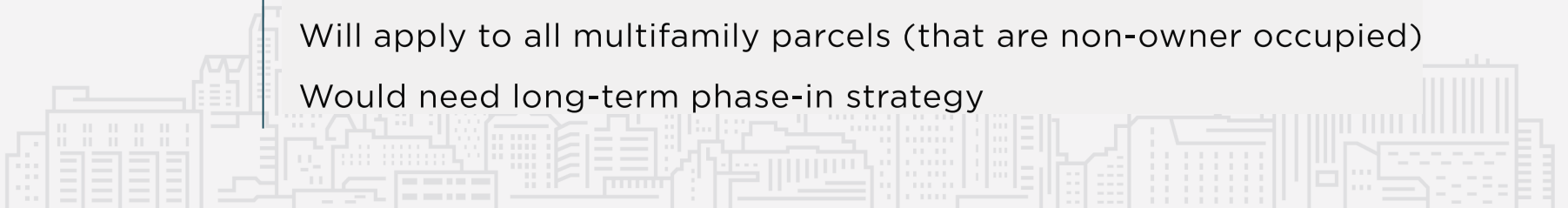
Create a third ad valorem rate for multifamily residential projects between residential and commercial rates

Benefit

Eases financial burden on multifamily units
Leads to greater affordability/commitments
Reduces pressures on new construction

Factors

Most likely will have financial impact on City
Will apply to all multifamily parcels (that are non-owner occupied)
Would need long-term phase-in strategy



Policy Strategies: State funding advocacy



Action

Advocate for annual commitment of housing funds from the state

Could be regular bonding but annual general fund appropriation would have greater impact

Benefit

Increases resources available to housing issues

Applies to any program (new units, services, healthy homes, etc.)

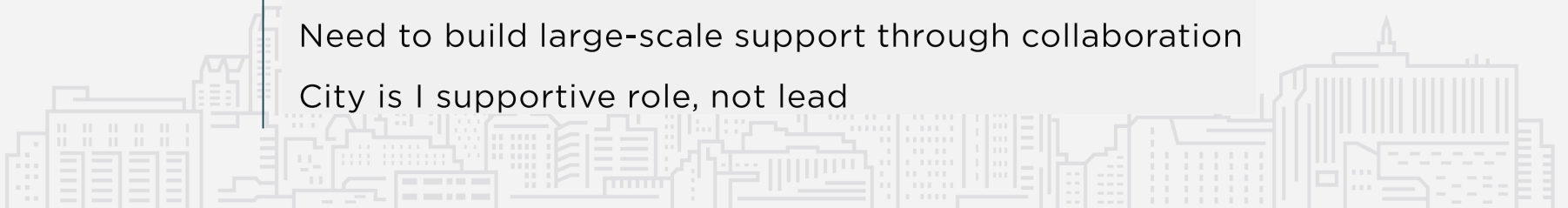
Housing activity outside of Providence benefits Providence

Factors

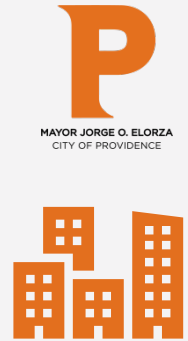
Not directly in City's control

Need to build large-scale support through collaboration

City is in supportive role, not lead



Zoning Strategies: Substandard lot activation



Action

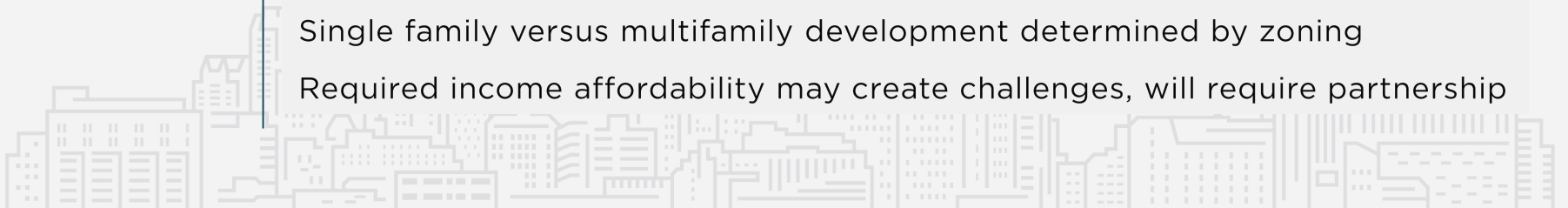
Eliminate the merger provision that automatically joins substandard lots
Create pre-approved designs to allow for infill housing for substandard lots

Benefit

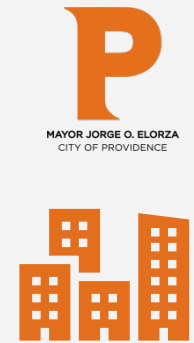
Creates new construction and community infill
Activates small lots for new development
Using pre-approved architectural designs mitigates cost issues

Factors

Need to ensure development is complementary to adjacent properties
Single family versus multifamily development determined by zoning
Required income affordability may create challenges, will require partnership



Zoning Strategies: Improve accessory dwelling unit (ADU) regulations



Action

Amend zoning ordinance to allow ADUs in accessory structures (such as garages) under certain conditions

Remove age/family restrictions

Benefit

Creates new, affordable housing

Size restrictions control costs

Offers opportunity for owner to reduce costs and age in place

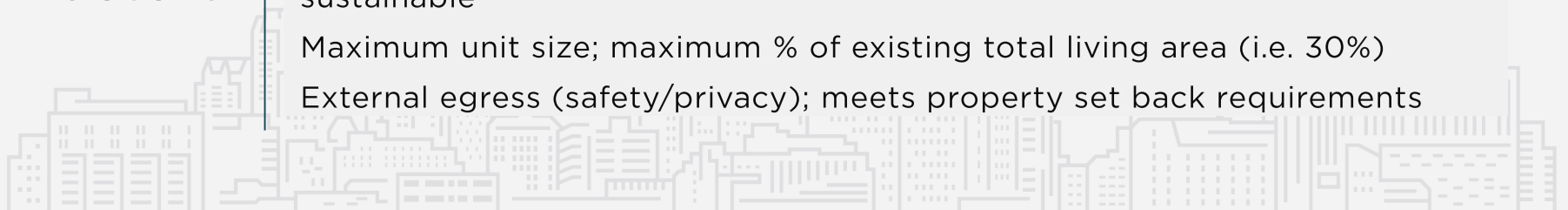
Factors

Needs to be done with conditions to ensure ADUs are site appropriate and sustainable

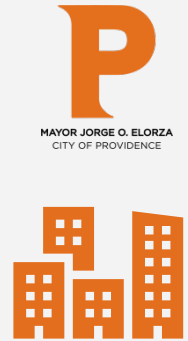
Maximum unit size; maximum % of existing total living area (i.e. 30%)

External egress (safety/privacy); meets property set back requirements

Accessory Dwelling Unit (ADU)
A set of rooms in a single-family home in a single-family zone that has been designed or configured to be used as a separate dwelling unit and has been established by permit



Zoning Strategies: Student housing



Action

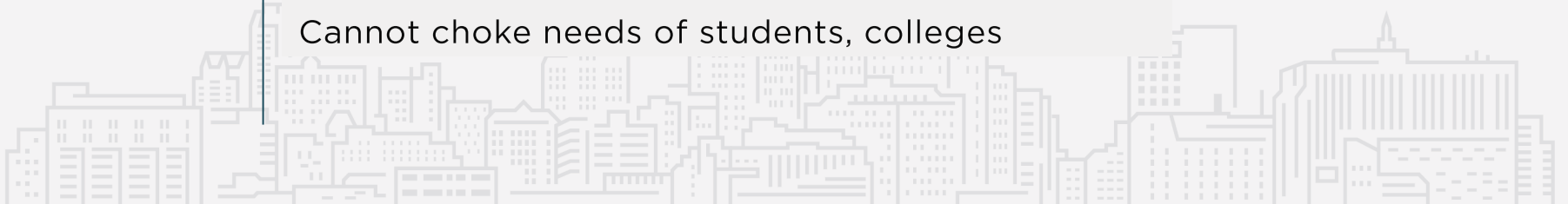
Expand regulations on student housing following Supreme Court ruling
Restrict to three students in R-1A to R-3 zones; allow in R-4

Benefit

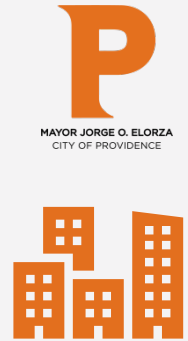
Preserves existing communities; addresses need
Guides student-focused development in areas intended for use
Can allow waiver in R-1A to R-3 zones in owner-occupied structures

Factors

Balancing the needs of students and non-students
Cannot choke needs of students, colleges



Zoning Strategies: R-zone adaptive reuse administrative approvals



Action

Allow administrative approvals for the adaptive reuse of commercial and institutional buildings in R-zones under certain conditions

Can be tied to affordability requirement (based on owner or renter)

Benefit

Reduces the burden of approvals for projects that meet a minimum-defined performance goal for adaptive reuse in residential zones

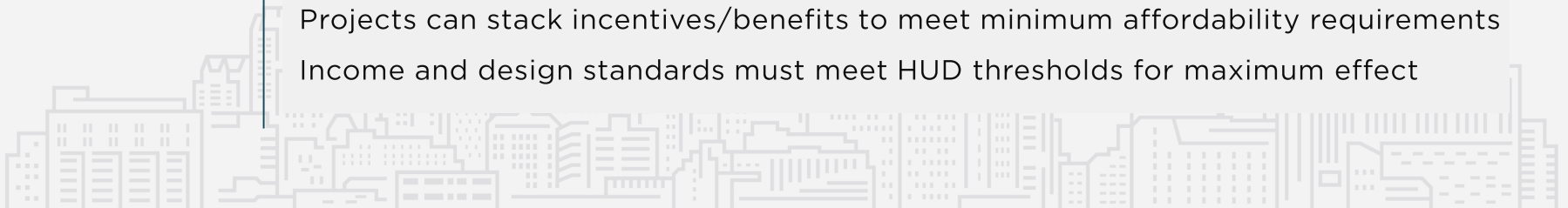
Ensures new unit development meets minimum standards and affordability thresholds

Factors

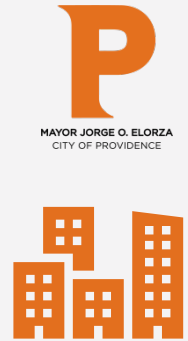
Encourages mixed income developments through substantial process cost savings

Projects can stack incentives/benefits to meet minimum affordability requirements

Income and design standards must meet HUD thresholds for maximum effect



Zoning Strategies: Expand rowhouse use



Action

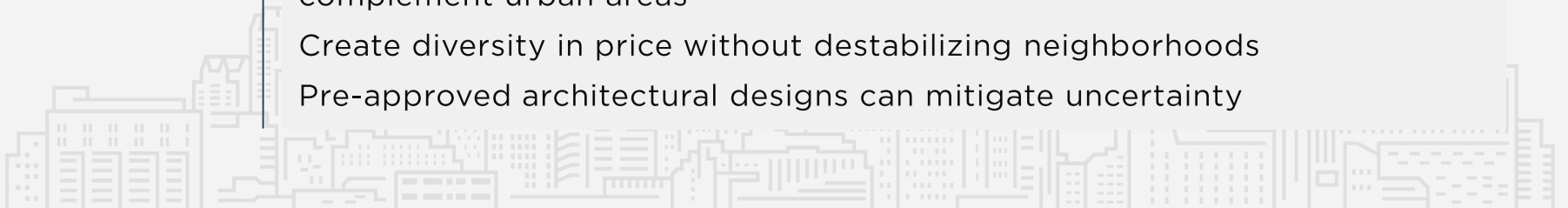
- Amend zoning ordinance to allow rowhouses in R-1 and R-2 under conditions
- Create conditions that ensure design-scale cohesion
- Require at least one unit be income-controlled

Benefit

- Produces more housing at lower cost
- Works for both rental and ownership (requires separate deeds)

Factors

- Compatibility with neighborhood critical; rowhouse development can complement urban areas
- Create diversity in price without destabilizing neighborhoods
- Pre-approved architectural designs can mitigate uncertainty



Zoning Strategies: Cluster Development



Action

- Amend zoning ordinance to allow cluster development in R1-A and R-1 zones
- Set strict dimensional requirements (i.e. minimum lot sizes, maximum land disturbance)
- Require at least one unit be income-controlled

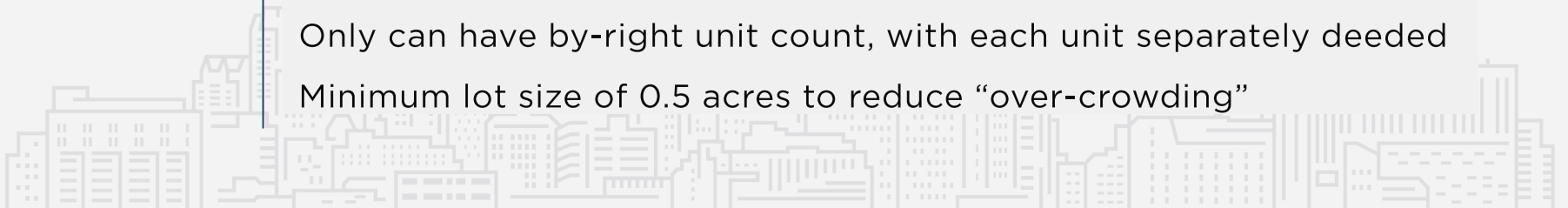
Benefit

- Promotes infill development in character with area
- Protects integrity of neighborhood through requirements
- Improves price diversity in homeownership

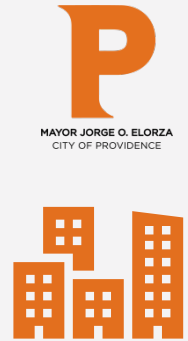
Factors

- The City should ensure design is consistent with neighborhood
- Only can have by-right unit count, with each unit separately deeded
- Minimum lot size of 0.5 acres to reduce “over-crowding”

Cluster Development
The grouping of residential properties on a development site in order to use the extra land as open space, recreation or agriculture



Zoning Strategies: Remove lot size requirements for R-4 zones



Action

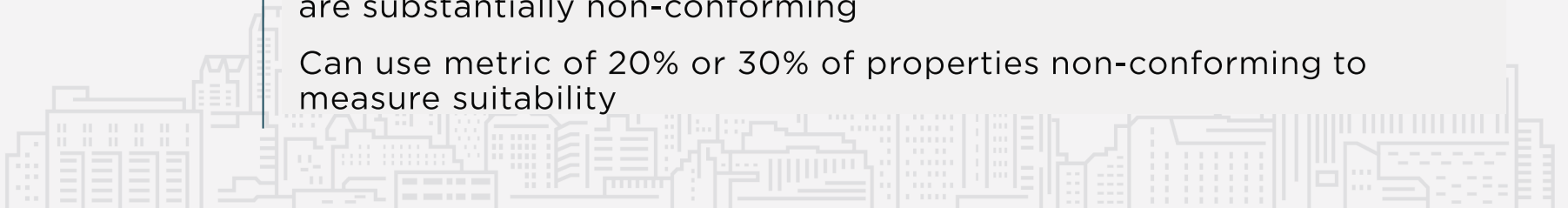
Amend zoning ordinance to remove minimum lot size requirements in R-4 zones
Match existing commercial zone conditions

Benefit

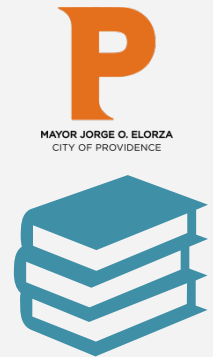
Promotes additional housing development
Creates more units from construction or major rehab
Creates a true multifamily zone for the City

Factors

The City should consider rezoning areas in other R zones to R-4 that are substantially non-conforming
Can use metric of 20% or 30% of properties non-conforming to measure suitability



Regulatory Strategies: Expedited application process



Action

Establish a policy that allows major subdivision applications that meet a minimum affordability threshold (10% of units at 80% AMI) to follow the minor application timeline while requiring full submission of materials

Benefit

Will reduce the carry cost of developing affordable housing by shortening the timeline from application to approval

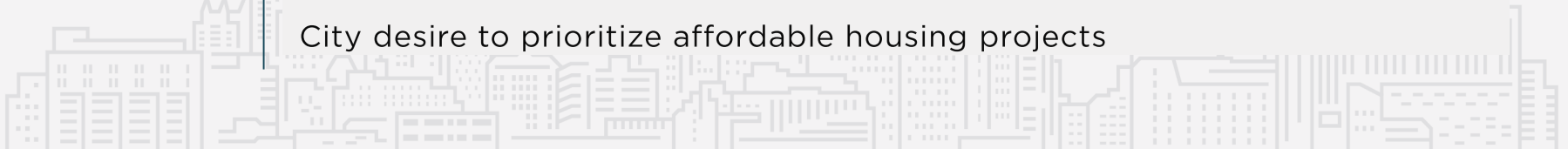
Creates greater predictability to the process

Factors

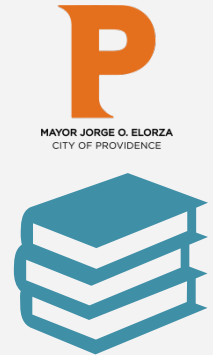
Will require accelerated from City and partners to meet shortened timeline

Will require applicant to engage City early to schedule public hearing within timeline

City desire to prioritize affordable housing projects



Regulatory Strategies: Long-term affordability commitment



Action

Make access to public funds contingent on long-term affordability commitment

Model after other communities which require from 15 to 99 years based on benefit

Benefit

Ensures sustained affordability; longer commitments mean longer affordability

Can be applied to new construction or major rental rehabilitation

Factors

Will be less popular in strong market periods

Income control=potential lost revenue over time

Must be coordinated with RI Housing re-syndication efforts

Requires effective long-term monitoring and compliance



RECOMMENDED CHANGES TO EXISTING PROGRAMS



Recommended Changes to Existing Programs

Home repair program



- ❖ Sliding scale for assistance
- ❖ Change repayment timeframe
- ❖ Higher income thresholds
- ❖ Target neighborhood bonuses

Down payment and closing cost



- ❖ Modify benefits formula
- ❖ City resident interest rate buydown
- ❖ Target neighborhood bonuses

HOME funds



- ❖ Formalize a decision matrix to prioritize investments



Home Repair Program: Sliding scale for assistance



Action

Create a range of benefits based on fixed criteria such as applicant's income, property location

Determine whether to vary loan amount, applicant match, interest rate, term

Benefit

Allows for more loans with same resources

Prioritizes investments in area of greatest need

Better prioritizes use of money

Factors

Could disqualify some applicants

More parameters could reduce pool of applicants



Home Repair Program: Change repayment timeframe



Action

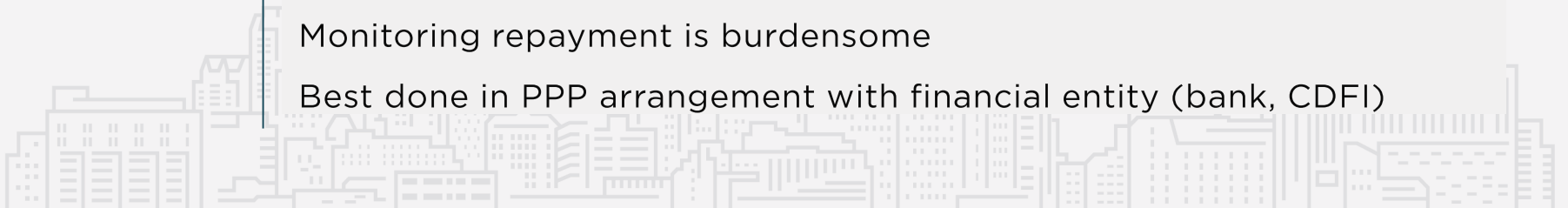
Make loan repayment monthly (currently repaid at refinancing, equity draw, or sale)
Can establish exceptions in hardship cases

Benefit

Puts money back into the program faster (current timeframes can have long waiting period before recapture)
Mitigates cash flow and inflation impacts

Factors

May limit eligible applicants
Monitoring repayment is burdensome
Best done in PPP arrangement with financial entity (bank, CDFI)



Home Repair Program: Higher income thresholds



Action

Make resources available to households earning above 80% AMI (will require local resources)

Tie higher income thresholds to a targeted neighborhood strategy (NRSA) to promote home ownership

Benefit

Promotes ownership/rehab in most challenged neighborhoods

Prioritizes stabilization like the EveryHome program

Factors

Any loans to households over 80% AMI require local funds (HUD caps incomes at 80% AMI)

Best done through a PPP arrangement



Home Repair Program: Target neighborhood bonuses



Action

Lessen requirements/increase benefits in targeted areas

For example, the City can allow an applicant to exceed the \$25,000 limit or reduce other requirements described in the existing policy

Benefit

Targets investments in those neighborhoods most in need

Those neighborhoods with lower market demand for homeownership

Those neighborhoods with higher incidence of disrepair

Factors

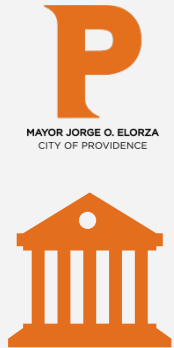
Will consume limited resources faster

May need City/partner money to maintain number of loans

Could pair well with a NRSA strategy, which provides more flexibility for the City to use its CDBG funds



Down payment and Closing Cost Assistance: Modify benefit formula



Action

Reconfigure benefits by income

Change maximum benefit to 50% share of down payment and fixed amount for closing costs

Benefit

Better connects ability to buy and needed resources

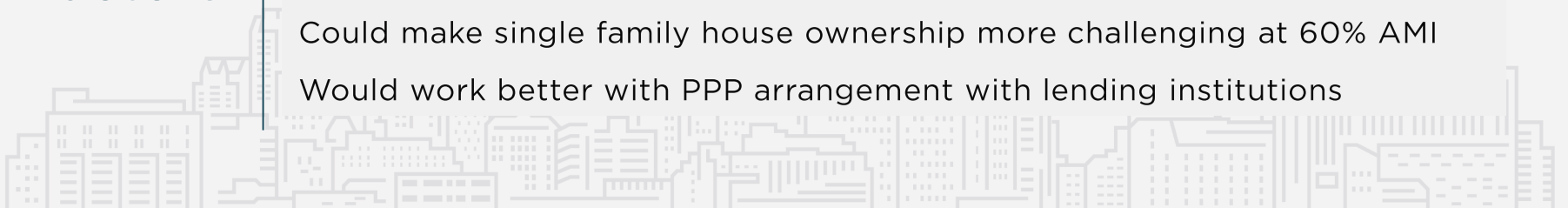
Allows for more loans with same resources

Factors

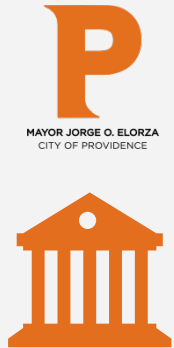
Could impact potential to buy for lower incomes

Could make single family house ownership more challenging at 60% AMI

Would work better with PPP arrangement with lending institutions



Down payment and Closing Cost Assistance: City resident interest rate buydown



Action

Offer interest rate buydowns for current Providence renters
Provide limited-term subsidy or one-time rate buydown

Benefit

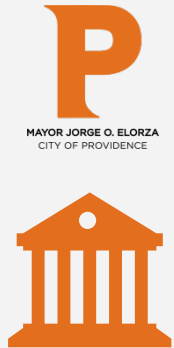
Allows buyers to afford “more” house for same payment
Expands housing choice

Factors

Requires City resources to implement
Limited to existing City residents (documentation required)
Best done in PPP arrangement with lenders, CDFIs



Down payment and Closing Cost Assistance: Target neighborhood bonuses



Action

Increase benefits in targeted areas by lowering the down payment ratio and/or offering interest rate buydown

Consider higher income thresholds (will need to be done with local money)

Benefit

Targets investment in neighborhoods most challenged in attracting homeownership

Lowers interest costs for homeowners, making ownership more achievable

Factors

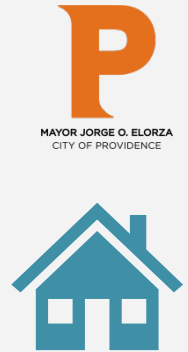
Will consume limited resources faster

Will need City/partner money for rate buydown and higher AMIs

Could pair well with NRSA strategy



HOME Funds: Formalize a decision matrix to prioritize investments



Action

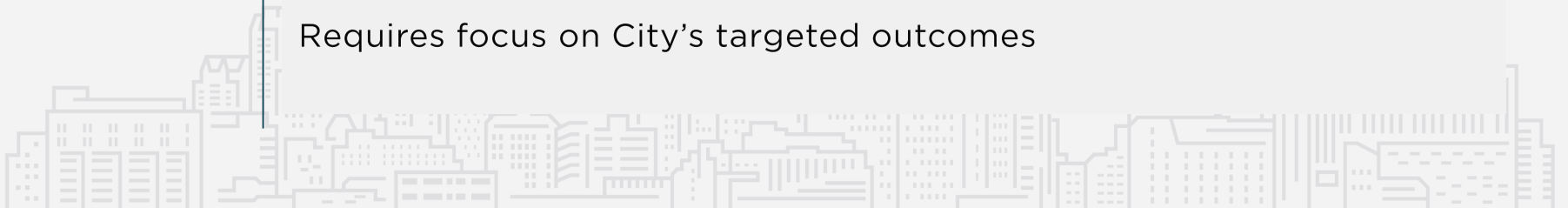
Codify a decision matrix to score investments
Use several industry standard criteria that makes choices objective
Get away from 'even geographic' to 'greatest impact' approach

Benefit

Applies to HOME funds to get maximum benefit
Focuses on City's housing priorities
Matrix can be adjusted over time to reflect changing priorities

Factors

Criteria may not play to all applicants' strengths
Requires focus on City's targeted outcomes



POTENTIAL NEW PROGRAMS AND POLICIES



Potential New Programs and Policies

New housing production



- ❖ Universal design incentive
- ❖ Layer local funds to reach lower AMI levels
- ❖ Local housing voucher program
- ❖ Property acquisition fund

Housing rehabilitation



- ❖ Stand-alone energy efficiency program
- ❖ Stand-alone accessibility program
- ❖ Purchase-rehab loan program
- ❖ Right of first refusal policy

Code compliance



- ❖ Rental housing registry
- ❖ Certificate of habitability program
- ❖ Augment inspection staff
- ❖ Integrated tracking software
- ❖ Compliance rehabilitation program



Recommended Changes to Existing Programs (con't.)

Landlord-tenant strategies



- ❖ Expand tenant advocacy support
- ❖ Landlord engagement forum
- ❖ Source of income protection advocacy
- ❖ Landlord assistance program

Leveraging Strategies



- ❖ Health impact fund
- ❖ Housing opportunity fund
- ❖ Investment partnership management



New Housing Production: Universal Design Incentive



Action

Require and incentivize universal design, which is especially important in multifamily development

Benefit

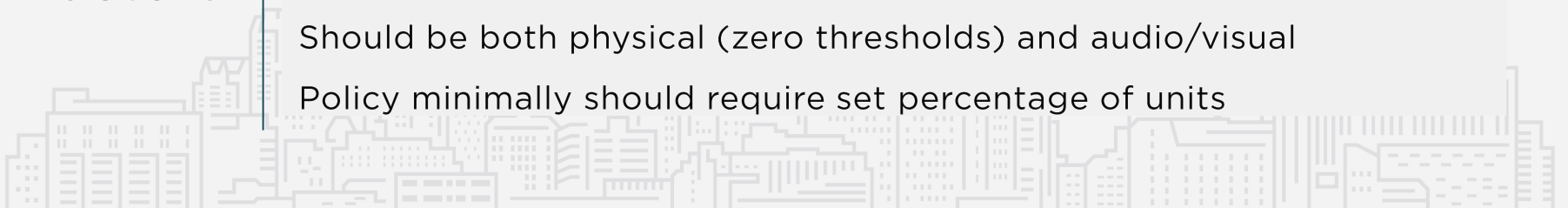
Ensures new development can accommodate handicap accessibility
Lowers cost to fit out units

Universal Design

The design of buildings, products or environments to make them accessible to all people, regardless of age, disability or other factors.

Factors

Needs to be implemented during design phase
Should be both physical (zero thresholds) and audio/visual
Policy minimally should require set percentage of units



New Housing Production: Layer local funds to reach lower AMI levels



Action

Allocate new local financial resources to buydown affordability to 30% AMI (rental) or 60% AMI (ownership) in new construction projects

Benefit

Financial feasibility analyses show reaching these income levels is not possible without financial assistance

Provides access to households most underserved in Providence

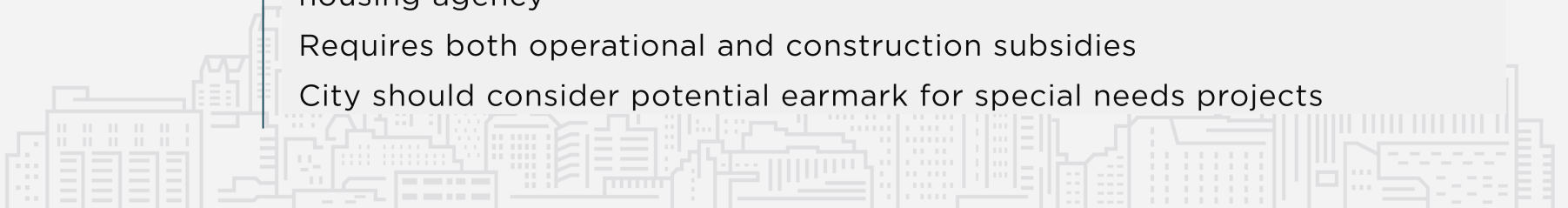
Improves affordability for new construction

Factors

Rental housing will require partnership with PHA or other specialized housing agency

Requires both operational and construction subsidies

City should consider potential earmark for special needs projects



New Housing Production: Locally-funded housing voucher program



Action

Use new local revenue sources to fund local Tenant-Based Rental Assistance (TBRA) vouchers and augment Federal voucher programs

Benefit

Reaches rental households in greatest need (30% AMI or lower)

Can be partnered with existing subsidy programs (e.g. TSA or 8%) to mitigate the net cost on a per unit basis

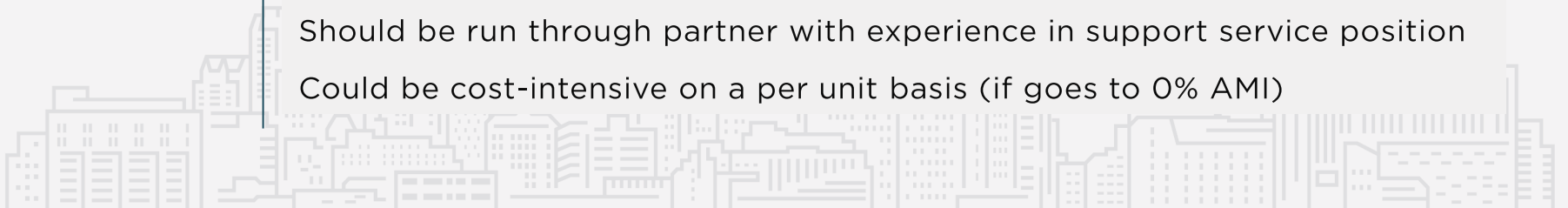
Gap between 80% AMI rent and 30% AMI rent = \$9,825

Factors

Administration outside City's capabilities

Should be run through partner with experience in support service position

Could be cost-intensive on a per unit basis (if goes to 0% AMI)



New Housing Production: Property acquisition fund



Action

Create dedicated fund for property acquisition for housing

Land assemblage in high opportunity areas

Non-conforming parcels for infill development

Acquisition of existing naturally occurring affordable housing for preservation

Benefit

Reduces barriers to (re)investment

Mitigates cost challenges (absorbs land cost)

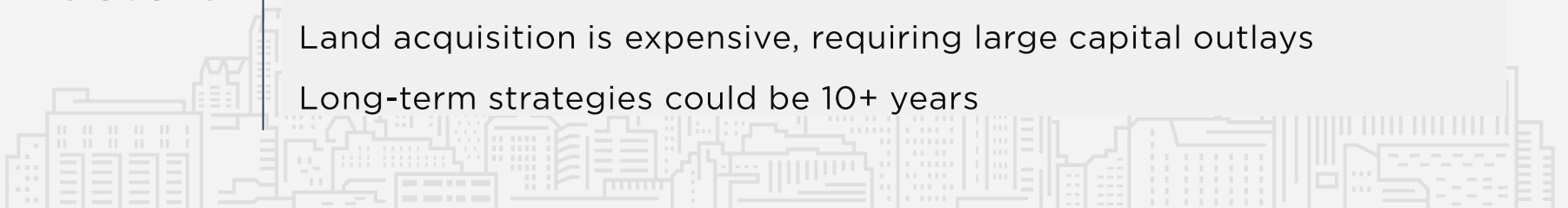
Provides ability to implement more strategic projects

Factors

Investments may not yield immediate results

Land acquisition is expensive, requiring large capital outlays

Long-term strategies could be 10+ years



Housing Rehabilitation: Energy efficiency program



Action

Create a separate energy efficiency fund with new financial resources that can provide gap financing for other programs (i.e. Lead Abatement and Home Repair)

Make the program available to homeowners and landlords

Benefit

Augments existing HAPP/City efforts through greater local investment

Provides resources for landlords to perform energy efficiency/healthy homes investments

Strong candidate for investment fund concept, particularly with healthcare partners

Factors

One of many needed rehabilitation programs that is available to landlords

Income qualifying tenancies (for landlords) may require new staff capacity

Must prioritize investment of available resources based on City-defined priorities



Housing Rehabilitation: Accessibility assistance program



Action

Fund an independent accessibility program that aids with soft costs (design, structural engineering) and hard costs (construction of internal and external enhancements)

Prioritize income-qualified senior households

Create a sliding scale benefit based on income

Benefit

Enables lower-income residents to age in place

Factors

One of many needed rehabilitation programs

Could be dovetailed to the universal design program



Housing Rehabilitation: Purchase-rehabilitation program



Action

Provide resources to buyers acquiring older homes through a forgivable gap financing loan or grant to address rehabilitation needs

Can be layered with other purchasing programs (e.g. down payment and EveryHome)

Benefit

Increases potential purchase pool of units

Requires code compliance to use HUD resources for purchase

Can be focused in greatest needs neighborhoods

Factors

Money is the first step in code compliance

Should have pre-approved vendors to do repairs

Provide greater benefits to existing residents/first responders



Housing Rehabilitation: Right of first refusal policy



Action

Pass legislation that enables the City to intercede on sale of rental buildings

- Will require 30-day review period to buy property at contract price
- City will then resell with deed restriction to maintain affordability

Benefit

Protects market affordability through preservation

Allows City to negotiate affordability preservation without acquisition

Ensures affordability in strong/strengthening markets

Factors

Intervening in market sale is capital intensive

Must have clear criteria for acquisition and disposition strategy (e.g. priority matrix)

Based on available resources



Code Compliance: Rental housing registry



Action

Require all rental housing units register with City

Charge annual registration fee (could use sliding scale to avoid burdening low-income residents)

Use registry to implement required inspection program

Benefit

Creates a tool to address habitability needs of City's aging housing stock (more than 70% of City's housing built prior to 1959)

Ensures all units are treated evenly

Factors

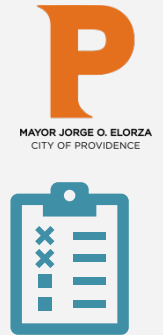
Cost will create resistance

No other way to effectively implement code compliance program

Requires substantial staffing (offset by registration fee)



Code Compliance: Certificate of habitability program



Action

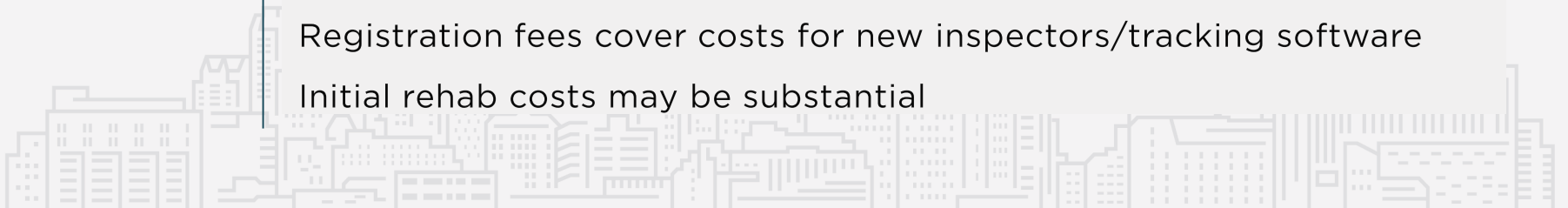
- Require all units to pass code compliance
- Make certificate necessary to be allowed to rent
- Conduct inspections every three years (ten years with same tenant)

Benefit

- Ensures safe rental housing market
- Establishes universal minimum standard for all rentals

Factors

- Need staff, software to implement
- Registration fees cover costs for new inspectors/tracking software
- Initial rehab costs may be substantial



Code Compliance: Rehabilitation loan program



Action

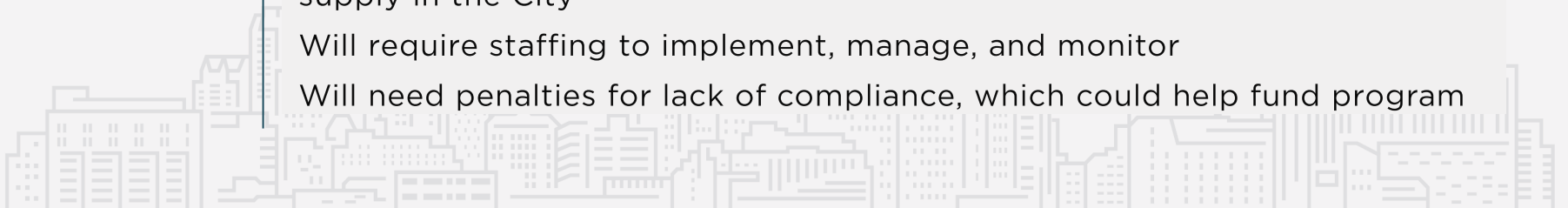
- Create stand-alone repair program for code compliance
- Make funds available only to landlords
- Ensure larger loans for landlords with income-qualified tenants

Benefit

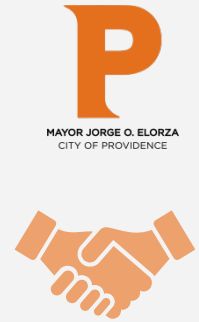
- Accelerates compliance while generating funds
- Provides low-interest loans with fixed terms
- Can increase resources by using PPP with banks/CDFIs

Factors

- Initial needs may be substantial since it is unknown the true state of housing supply in the City
- Will require staffing to implement, manage, and monitor
- Will need penalties for lack of compliance, which could help fund program



Landlord-Tenant Strategies: Tenant advocacy support



Action

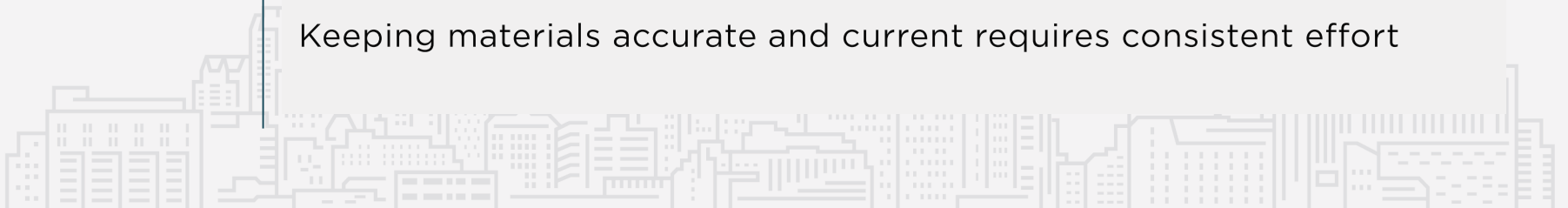
Publish and provide materials that detail tenant rights and support organizations
Continue funding for eviction defense and advocacy organizations

Benefit

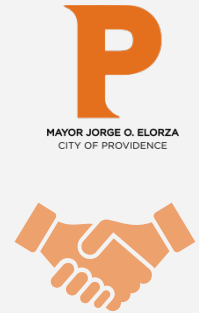
Protects residents by increasing awareness of rights
Complements code compliance requirements

Factors

Ensuring all resources are known and documents
Keeping materials accurate and current requires consistent effort



Landlord-Tenant Strategies: Landlord engagement forum



Action

Organize landlord roundtable to engage landlords in discussion on policy and program development

Create way for landlords to address challenges/issues with City

Benefit

Creates policies with feedback that benefits all

Allows landlords to identify challenges before new policies are enacted

Helps identify market changes that affect existing policies

Factors

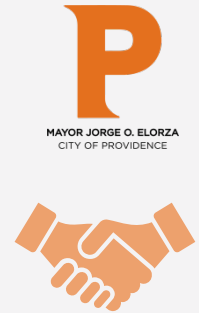
Members should present diverse interests

Include small and large landlords

Ensure diverse representation



Landlord-Tenant Strategies: Home repair program augmentation



Action

Earmark portion of the home repair program for investor-owned properties that have income-qualified tenants
Provide low-interest loans for qualified repairs

Benefit

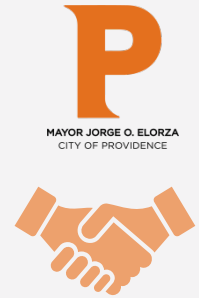
Benefits tenants and creates additional resources
Benefits landlords with lower interest rates
Benefits housing trust fund through interest gains

Factors

Existing resources are limited
Best if done through PPP arrangement with financial entities
Could benefit re-syndication effort for expiring commitments



Landlord-Tenant Strategies: Source of income protection advocacy



Action

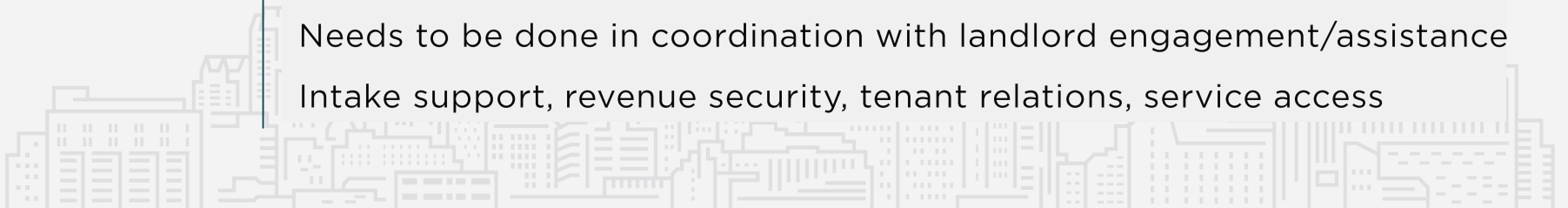
Continue advocacy for source of income protection
Engage with the State and other municipalities to enact law

Benefit

Provides housing choice for subsidy recipients
Encourages improved landlord/tenant relationships

Factors

Will require continued collaboration with partners
Needs to be done in coordination with landlord engagement/assistance
Intake support, revenue security, tenant relations, service access



THANK YOU

City of Providence

