

EXECUTIVE SUMMARY

The City of Providence is committed to preserving existing housing affordability, promoting development of new affordable housing, and increasing housing choice to provide safe, affordable housing citywide. The Anti-Displacement and Comprehensive Housing Strategy builds upon past and present efforts to define a concise, unified vision and preferred outcomes for the City's affordable housing efforts. Over nine months, the City's consultants— led by RKG Associates— completed a thorough socioeconomic, real estate, and financial feasibility analysis of the City of Providence to understand current and projected housing needs. In addition to the data analysis, RKG also interviewed dozens of City staff, real estate professionals, housing advocates, housing providers, housing developers (public, non-profit, and private), and special interest groups to ensure all perspectives were considered when crafting the implementation strategy.

Below are the key findings and recommendations of this plan. More information on each of these findings and recommendations is available throughout the report.

To meet the collective need for housing within the next 15 years, the City would have to target the development and rehabilitation of 516 price-appropriate rental and ownership units each year. Between now and 2030, rental housing is most needed for households earning less than 30% of Area Median Income (AMI), with a cumulative shortage of almost 6,800 price-appropriate housing units by 2030. Between now and 2030, ownership housing is most needed for households earning less than 100% of AMI, with a cumulative shortage of over 500 units. More specifically, there is a projected net shortage of more than 500 ownership units for households earning between 30% and 50% of AMI.

While regulatory changes will help achieve these goals, Providence's affordable housing needs far exceed the current amount of funding available to create and preserve affordable units to meet demand. To put this in context, more than \$150 million (fifty times the \$3 million expected to be available) may be required to meet affordable housing demand in Providence over the next ____ years. **Accordingly, this plan outlines ways in which the City can increase available resources to improve and grow quality affordable housing stock in Providence.** With traditional tools, the City may be able to raise some additional capital, but not on the order of magnitude required to satisfy unmet and projected demand in the next decade; however, by employing innovative partnership and financing strategies, the City can multiply the resources available and serve a broader constituency, including the most vulnerable community members. The Plan recommends four innovative financing strategies: leveraging City funds; supplying low-cost capital; working with partners to identify one or more target investment areas; and aggregating partner capital. By partnering with banks, other cities have significantly increased the number of units produced or rehabilitated. This strategy provides even greater impacts if investments are targeted in specific areas, often referred to as Neighborhood Revitalization Strategy Areas (NRSAs). Building models from other cities, Providence might use the \$3 million already committed to

affordable housing activities to supply predevelopment capital to developers, add low-interest loans from Community Development Financial Institutions (CDFIs), access bank funds designated for community investment, and engage foundations to create a larger pool of capital. Further, Providence should work to attract resources from a broader pool of partners: CDFIs, banks, hospitals, employers, energy efficiency and heating assistance programs, real estate developers, and other stakeholders with a role or interest in the affordable housing service delivery system. The greatly expanded capital pool would more effectively drive development of comprehensive and dignified housing, economic development, and quality of life improvements, especially for people who have historically faced discrimination and exclusion.

While the City has an abundant rental housing market overall, the balance between supply and demand is not consistent by income group or location within the City. The data analysis reveals that housing choice is limited for the lowest-income households, particularly in neighborhoods with low-cost transportation choices, high-performing schools, proximity to jobs, and quality of support services. Specifically, extremely low-income households are underserved. This is not surprising, as almost 40% of the City's renter households earn less than 30% of AMI, while less than 20% of units are priced to this income level (which includes all subsidized housing units). The affordability analysis identified over 5,100 more renter households in Providence earning less than 30% of AMI than there are rental housing units priced appropriately for them. The City should increase rental unit choice for households earning at or below 50% of AMI outside the Broad Street/Elmwood Avenue, Olneyville/Hartford, and Smith Hill/Wanskuck areas of the City since these three submarkets account for almost 70% of existing subsidized units and 93% of planned subsidized units. To ensure that all Providence neighborhoods are accessible to low-income households, City should prioritize its CDBG and tax incentive investments in the creation and preservation of affordable rental units in areas of the City with the least amount of housing choice for these households, including Silver Lake, Elmhurst, Mount Pleasant, Fox Point, Downtown, the Woonasquatucket Corridor, and the East Side.

Conversely, there is also a shortage of price-appropriate units for households earning over 100% of AMI. This lack of supply at the highest end creates market and pricing pressures on low- and moderate-income households. When price-appropriate units are not available for higher income households, they rent units that could otherwise be priced for lower income households, thus creating a shortage and additional pressures on more vulnerable populations.

Generally, the data indicates an oversupply of housing units for households earning between 50% and 80% of AMI (\$32,800 and \$52,400 annually) throughout the City. Although this is not true in all neighborhoods, such as the East Side, Downtown, and along the Woonasquatucket Corridor, where there is an undersupply of units for households earning between 50% and 100% of AMI.

Aside from the need for more funding, the next greatest issue Providence faces regarding housing needs is not how to use its resources, but how to use existing resources more objectively and how to secure additional resources. As noted earlier, housing needs in Providence dwarf existing resources. In short, the City should focus on results-based investments. City dollars should be applied to entities and projects that provide the greatest benefit, which must be defined and prioritized by the City's leadership.

The City should prioritize investments that assist homeowners and landlords to keep historic structures safe and healthy for their occupants. In addition to creating more new affordable units, investing dollars into existing structures helps preserve the unique, historic character and urban fabric of Providence's neighborhoods. Providence's aging housing stock creates greater need for housing rehabilitation and modernization. Providence's housing stock is some of the oldest in the country, with almost 70% of the City's supply built before 1959. Approximately 65% of Providence's rental units were built prior to 1959 (approximately 37,000 units). While a unit's age does not necessarily indicate a maintenance need, previous studies have documented challenges— such as lead paint mitigation, electrical issues, and ventilation issues— for many of these units. The City's older housing stock creates similar issues for rental structures as it does for homeownership units, including the need for rehabilitation, safety mitigation, and modernization. This analysis revealed a correlation between price affordability and housing condition, meaning that the most affordable housing units have a higher incidence of health, safety, or energy efficiency issues. From a home ownership perspective, Providence's large, growing, senior homeowner population faces fixed incomes and continuing housing repair and accessibility needs. The need to ensure units occupied by seniors do not fall into disrepair is as much a current safety issue as it is a long-term sustainability issue for the housing stock. This growing senior population may also want to age-in-place, requiring accessibility enhancements to older structures. Given how much of the City's housing was built prior to 1959, it is highly likely it was not built to conform with current accessibility standards (first released in 1961 and federally recognized in 1974) and will need substantial investment to retrofit.

Providence's abundance of two- and three-family structures limits opportunities for home ownership. Providence's modest market demand and abundance of two- and three-family structures tends to encourage investors while creating challenges for ownership opportunities. Not unlike other New England urban centers (such as Boston and Portland, Maine,) two- and three-family structures are common. In Providence, there are almost as many two- and three-family structures (14,400) as there are single family structures (14,700). While this diversity itself is not problematic, it creates some challenges when households are seeking homeownership opportunities as there is a reported market preference from potential homeowners for single-family homes, townhomes, and condominiums. Households earning below 80% of AMI have a financial challenge in addition to housing type preference, since the cost of maintaining rental units (particularly in older structures that require greater investment) can be cost-prohibitive.

Preservation of existing income-controlled units and naturally occurring affordable housing— to mitigate issues such as lack of complete plumbing facilities, lack of complete kitchen facilities, and lead paint— should remain a high priority for the City. The U.S Department of Housing and Urban Development (HUD) estimates 307 existing housing units in the City lack complete plumbing facilities and another 521 lack complete kitchen facilities.

Citywide, the City should encourage further development of market-rate studios and one-bedroom rental units. The market analysis revealed that Providence has a shortage of market-rate housing for studios and one-bedroom units. Accommodating further development of market-rate studios and one-bedroom units can alleviate downward pressure on the housing market, by ensuring plentiful choices for higher income households that often choose to rent less expensive units or larger units they do not need, and therefore reduce housing otherwise available for lower-income households. **In contrast, new construction of subsidized units should focus on larger (2+**

bedroom units), as these have the greatest unmet demand among current Providence residents.

The City should continue to maximize land assets in Downtown and along the Woonasquacket Corridor since these areas have the greatest potential for new construction of affordable rental units. Similarly, the City should prioritize homeownership development resources for the creation of homeownership units for households earning 50% to 100% of AMI in the East Side, Downtown, and along the Woonasquacket Corridor. Similar to rental housing affordability, there is very little choice for modest earning households in these neighborhoods. The City should consider creating specific incentive programs to promote new homeownership development in these and other neighborhoods with low homeownership rates (including the West End, Federal Hill, Fox Point, Olneyville, and Hartford). This plan provides several regulatory recommendations to increase unit delivery in community-sensitive ways.

To better meet these needs, the plan recommends that the City consider changes to three of its existing programs: the Home Repair program, Down Payment and Closing Cost Assistance program, and HOME funds. These proposed changes do not materially change the intent of these programs, but rather offer opportunities to prioritize use of these funds and create a more consistent repayment process so the City can issue more of them. **The plan also outlines numerous changes to the City's Zoning Ordinance and development and entitlement processes as well as several new policy and program recommendations under four categories: housing production, housing rehabilitation, code compliance, and landlord-tenant strategies.**

ZONING CHANGES

Activate small lots with affordable infill housing.

HOW?

The City should eliminate the merger provision that joins small lots owned by the same entity and create a series of pre-approved architectural designs that developers and property owners can use to build affordable housing on small lots.

Priority:
Timeline:
Cost:
Impact:

WHY?

There are many lots throughout Providence that do not conform to the City's existing minimum lot size requirements as detailed in the *Zoning Ordinance*¹ due to their small size or insufficient setback areas. Currently, these lots are generally undevelopable, and the City has a merger provision that automatically joins them to adjacent lots if owned by the same owner. Small (or substandard) lots provide opportunities for the City to promote infill development and provide additional affordable housing.

Pre-approved designs would ensure new housing is constructed in a way that complements the surrounding neighborhood in exchange for waiving lot size and setback requirements. This would also reduce developer's design and entitlement costs by eliminating a portion of the review process. Not all lots will be developable, even with pre-approved designs; however, many will be buildable, infilling existing neighborhoods and offering new housing options to the community. The City should consider both single-family and multifamily designs to accommodate the unique situation of each property based on location and existing zoning.

¹ The City of Providence's *Zoning Ordinance*, Map, and User's Manual can be found online at www.providenceri.gov/planning/zoning. All municipalities, including Providence, have a Zoning Ordinance that provides land use and development regulations, organized by *zoning districts*. The Zoning Map identifies the location of zoning districts.

ZONING CHANGES

Improve Accessory Dwelling Unit (ADU) regulations.

HOW?

The City should modify the **Zoning Ordinance** to expand allowances for accessory dwelling units (ADUs)² with the following provisions:

Priority:
Timeline:
Cost:
Impact:

- Maximum accessory dwelling unit size – The maximum size of an ADU should be 400 square feet or no more than 30% of total building square footage, whichever is less.
- Allow exterior accessory dwelling units – While many ADUs are created by subdividing an existing structure, ADUs can also be located in attached (with exterior ingress and egress) or detached structures (such as detached garages). The City should allow exterior ADUs if they meet existing zoning setback requirements, although existing exterior structures (such as garages) should be exempt from setback requirements.
- Remove age or family restrictions – As noted above, there are several reasons why ADUs are beneficial to both tenants and property owners beyond assisting a relative. The City should remove the relation requirement but maintain that the main housing structure must be owner-occupied to get an ADU.
- Must have separate egress from the main unit – Removing the relationship requirement means the City should require a separate exterior ingress and egress, or at least ensure there are separate, locking doors to each unit that can limit access.

WHY?

The City's existing accessory dwelling unit provision within the **Zoning Ordinance** is substantially limited, only allowing ADUs for family members who are older than 62 years of age or have a disability. ADUs are commonly used throughout the United States in cities and towns as a way to create additional affordable housing without having to intensify the built environment. ADUs can offer seniors opportunities to **age-in-place** longer, as the ADU can create a revenue stream to help maintain the house or help pay medical bills while having a separate space for a caretaker, if necessary.

² **Accessory dwelling units (ADUs)** are a set of rooms in a single-family home, on the lot of a single-family home, or in other structures or lots in a single-family zone that have been designed or configured to be used as a separate dwelling unit for a second household. ADUs typically must be established by permit.

ZONING CHANGES

Modify the student housing-related provisions of the Zoning Ordinance.

HOW?

The City should uphold the three-person maximum in R-1A and R-1 zones but allow more than three students per unit in all other zones that allow multifamily housing.

Priority:
Timeline:
Cost:
Impact:

The City should engage with each institution to identify potential City-school partnerships to address on- and off-campus housing opportunities (such as better use of *I-2 Educational Institutional*³ zones).

Require institutions to identify in their master plans the number of students living off campus, the institution's expectations for students living off campus, the institution's process for how it communicates City ordinances to students, the institution's process for disciplining students living off campus for violations of City ordinances, and the procedure for contacting the institution regarding student violations of City ordinances.

WHY?

The Rhode Island State Supreme Court recently upheld the constitutionality of restricting the number of unrelated persons living in the same single-family dwelling unit in the *R-1*⁴ and *R-1A*⁵ residential *zoning districts* to three. While efforts to preserve existing neighborhoods and create more opportunities for non-student rental households are justified, the need for student housing beyond existing dormitories remains. At a base level, some colleges and universities are expanding and renovating their existing on-campus dormitory space; however, the City should also engage with each institution to identify specific housing needs on- and off-campus.

³ The *I-2 Educational Institutional Zoning District* permits higher education institutions and their expansion in a planned manner, while protecting surrounding neighborhoods. Educational facilities— university or college— are permitted in I-2 zones, as are other uses such as single-family dwellings, multifamily dwellings, and retail goods establishments. Key dimensional standards pertaining to minimum lot areas and widths, and minimum setbacks from property lines are detailed in the City's Zoning Ordinance at www.providenceri.gov/planning/zoning. The City's Zoning Map delineates which properties are designated as belonging to each zoning district.

⁴ The *R-1* Zoning District designation accommodates low density residential development of single-family dwellings.

⁵ The *R-1A* Zoning District designation accommodates lower density residential development of single-family dwellings on large lots.

ZONING CHANGES

Consider allowing certain adaptive reuse projects to be approved administratively.

HOW?

The City should consider an ordinance that allows for adaptive reuse projects of former commercial, industrial, and institutional buildings under 50 residential units to be approved through an administrative process. The City should also establish performance requirements for these small and mid-sized projects, and then enable its staff to execute those requirements.

Priority:
Timeline:
Cost:
Impact:

At a base level, the administrative approval process should require at least 10% of new units to be committed to affordability at 50% of AMI for rental projects and 70% of AMI for ownership projects.

WHY?

In recent years, the City has received several applications to adaptively reuse former commercial, industrial, and institutional buildings throughout the City. These projects typically seek to accommodate 10 to 40 new residential units, but sometimes also have a small commercial component. Finding effective ways to repurpose existing buildings has long been part of Providence's real estate marketplace and provides an opportunity for the City to encourage historic preservation and infill development while promoting affordable housing. Currently, adaptive reuse projects involving former commercial, industrial, and institutional buildings in residential zones can face significant regulatory burdens.

Providing the potential for these projects to gain approval administratively encourages greater affordable housing development by reducing entitlement process costs and promotes greater affordability in areas like the East Side, where much of this activity is occurring. It also allows for the City to partner with developers to layer incentives that could achieve more affordable units or deeper subsidy levels (such as through use of HOME funds).

ZONING CHANGES

Allow greater use of rowhouses.

HOW?

The City should consider allowing rowhouses as a conditional use in R-1, R-1A and R-2⁶ zones under the following circumstances:

Priority:
Timeline:
Cost:
Impact:

- Minimum lot size – The development lot must be at least 3,300 square feet prior to any subdividing, and each unit must have at least 1,650 square feet of land associated with it.
- Maximum unit count – There can be a maximum of four units on any given lot without subdivision. In other words, any rowhouse development should be no larger than four attached units in the R-1, R-1A and R-2 zones.
- Individual deed of units – Creating individual deeds for structures (or lot and structure if developed as fee simple) promotes homeownership and allows the PRA to use a land bank strategy to make homeownership more affordable.
- Minimum of one unit as income-controlled – In order for lots in R-1 and R-1A zones to be used for rowhouses, at least one of the new units must be committed to affordability. The RKG Team recommends a minimum of 60% of AMI for rental and 80% AMI for ownership.
- Use of pre-approved designs – Like the substandard lot recommendation, the City should consider creating a series of pre-approved architectural designs to reduce potential costs for applicants and ensure aesthetics and form complement the neighborhood. The City could consider administrative approvals for smaller projects that use pre-approved designs.

WHY?

Currently, rowhouses are only allowed in R-3 and R-4 *zoning districts*. Rowhouses, or townhouses, are a typical urban development pattern that can accommodate greater housing affordability and homeownership opportunities. This development type has been common in U.S. cities since the founding of the country. Unlike two- and three-family units, rowhouses are connected horizontally, not vertically. This offers several advantages, including eliminating the need for owner-occupants to pool resources and efforts to maintain lots. Rowhouses also provide lower-cost ownership and rental opportunities than traditional single-family houses due to their relatively smaller lots and building sizes. From a neighborhood cohesion perspective, rowhouse design is adaptive, and can be visually integrated and scaled to seamlessly integrate into single family detached neighborhoods. Rowhouses are an ideal alternative for a city like Providence to create new affordable housing options while preserving neighborhood character.

⁶ The R-2 Zoning District accommodates moderate density residential development of single-family, semi-detached, two-family dwellings. Limited neighborhood commercial uses may also be allowed.

ZONING CHANGES

Enable cluster development on large R-1 and R-1A lots.

HOW?

The City should consider a policy amendment that enables existing homes on large lots that could be subdivided for additional units to use a *cluster development* approach with the following requirements:

Priority:
Timeline:
Cost:
Impact:

- Minimum lot size – The lot (or assemblage of lots) must be at least 0.5 acres.
- Minimum land disturbance - The *cluster development* must maintain at least 50% of the property undisturbed, particularly preserving old-growth trees when possible.
- No density increase - The overall unit count should not exceed the *by-right* count for that district based on the parcel's total acreage.
- Individual deeding of units – Creating individual deeds for structures (or lot and structure if developed as fee simple) promotes homeownership and allows the PRA to use a land bank strategy to make homeownership more affordable.
- Minimum of one unit as income-controlled – In order for traditional single-family unit lots to use the *cluster development* policy, at least one of the new units must be committed to affordability. The RKG Team recommends a minimum of 80% of AMI for ownership.
- Modest density bonuses - Modest density increases for provision of affordable housing above and beyond the minimum of one income-controlled unit.
- Small house strategy – The *cluster development* policy should allow for coordination with the development of a small house or cottage house strategy. These units typically have less than 1,500 square feet, which would further minimize land disturbance of the overall parcel.

WHY?

While not pervasive throughout Providence, there are instances of large, underdeveloped lots zoned for single-family housing. Given the City's general urban environment, it is appropriate to find creative, flexible ways to maximize the development potential of these parcels while promoting greater price diversity and preserving the character of the existing neighborhood. *Cluster development*, the grouping of residential properties on a development site in order to use extra land as open space, recreation, or agriculture, is a common approach throughout New England and the U.S. to meet all three objectives.

ZONING CHANGES

Remove lot size requirements from R-4 zones and expand R-4 zones.

HOW?

The City should consider eliminating minimum lot size requirements in *R-4*⁷ zones to encourage multi-family housing development.

Priority:
Timeline:
Cost:
Impact:

Further, the City should consider rezoning areas that are substantially non-conforming to other residential *zoning districts* to *R-4* zones. Areas that might be considered for R-4 zoning are where more than 30% of existing structures are non-conforming. This will require the City to do a more detailed audit of its housing supply but could help stabilize areas that have conflicting uses while opening up more opportunities to provide affordable rental housing.

WHY?

The City currently does not have a full multifamily zone. Each of the City's residential districts have minimum lot sizes of 1,650 square feet of land for each unit (or 1,150 square feet of land for each unit for rowhouses in *R-4* zones). Those restrictions are only removed in the City's commercial districts, which also allow various retail and office uses. The minimum lot size currently imposed on R-4 zones restricts the maximum number of units to 36 per acre for multi-family development and 37 per acre for rowhouse development (assuming the full acre is developable). For smaller lots, it almost eliminates the potential to build new three-family structures or smaller apartment buildings. Based on a review of the City's zoning map and discussion with staff and real estate professionals, the City's *R-4* district seems to be intended as a true multifamily zone.

⁷ The *R-4* Zoning Designation accommodates higher density residential development of single-family, semi-detached, two-family, three-family, rowhouse, and multi-family dwellings in areas that minimize negative impacts to lower density residential neighborhoods. Limited neighborhood commercial uses may also be allowed. Key dimensional standards pertaining to minimum lot areas and widths, and minimum setbacks from property lines are detailed in the City's Zoning Ordinance at www.providenceri.gov/planning/zoning. The City's Zoning Map delineates which properties are designated as belonging to each zoning district.

ZONING CHANGES

Expedite the development review process for certain affordable housing projects.

HOW?

The City should establish a policy that allows *land development project* applications that meet a minimum affordability threshold (such as 10% of units at 80% of AMI) to follow the staff level development plan review timeline while requiring a full submission of the required materials identified under the land development process.

Priority:
Timeline:
Cost:
Impact:

WHY?

The City currently has an expedited review process that determines maximum review times for projects based on the size of the project and whether certain conditions are met. The *land development* classification includes nonresidential and mixed-use projects and residential projects that require waivers or modifications. Most affordable housing projects will qualify as *land development projects*. The process for land development projects is much more onerous and lengthy than the process for *staff level development plan review projects*.

Offering this incentive will reduce carrying costs for affordable housing development by shortening the timeline from application to approval. Further, it promotes greater predictability by streamlining the public engagement process. The City should advertise this to potential developers for them to realize the full benefit, as scheduling a public hearing within the timeline will require early engagement.