



State Housing Plan Update

Housing Resources Commission
May 21st, 2024



**RHODE
ISLAND**

Stakeholder Engagement

To Date

- Met with municipal leadership from 20 municipalities; remaining meetings to be held over next month
- Convened the following focus groups:
 - Nonprofit developers, for profit developers, municipal planners, YIMBY advocates
- Interviewed planners and leadership from other jurisdictions that have recently undergone housing planning:
 - Colorado, DC, Minneapolis, Oregon, Austin
- Updates and feedback from:
 - RI Housing, RI Commerce, OHA, One Neighborhood Builders, HousingWorks RI, Statewide Planning, Neighbors Welcome, RI Infrastructure Bank

Upcoming

- Additional focus groups to be held
 - Senior advocates and providers, Public housing authorities, homeless advocates and providers, PSH providers, low-income renter service providers and advocates, higher education (RI's colleges and universities), and conservation advocates
- Resident survey – developed with RI Housing to contribute to both this planning work and the Analysis of Impediments/Consolidated Plan
- Interviews – currently developing interview protocols for people with lived experience (homelessness, voucher holders/affordable housing tenants, and potential homebuyers)

Municipal Conversations

Conversations have explored topics such as residents' housing needs, current development patterns, barriers and constraints to housing development, and approaches to state support and goal setting.

- Distinct challenges and no one-size-first-all strategy.
- For instance:
 - Lack of homeownership opportunities (urban and rural).
 - Limited options for seniors interested in down-sizing.
 - Short-term rentals competing with year-round housing.
- Barriers to development
 - Lack of infrastructure and environmental constraints.
 - Local opposition and perceptions.
 - Subsidy needs. Many approved projects in pipeline that lack supporting subsidy.
- Significant opportunities for development
 - Some interested in infill development and adaptive reuse.
 - Most identify specific opportunities.
- Wide range of feedback on 10%
 - Some municipalities are motivated by the goal.
 - While some municipalities believe the goal has value, many report that it spurs limited or no local action. Some find the goal unachievable while others have already achieved it.
 - Some report that the goal disincentivizes market rate housing development.
 - Interest in being awarded for growth and/or progress.
 - Some frustration with the goal being top down, arbitrary, and/or not counting lower-cost unsubsidized units.
 - Broad recognition of the need for subsidy to enable progress.

Strategy considerations

While there will need to be additional components of our strategy, a design question for consideration is how much we focus on reducing costs (broadly defined) and how much we focus on increasing investments (broadly defined)



Illustratively...

Reduce time to receive approvals and permits

Remove highly restrictive and overly complicated zoning

Reduce parking requirements

Reduce operating costs (e.g., through property tax rates or by increasing abatements)

Reduce uncertainty

Illustratively...

Invest in affordability

Invest in capital costs

Invest in infrastructure

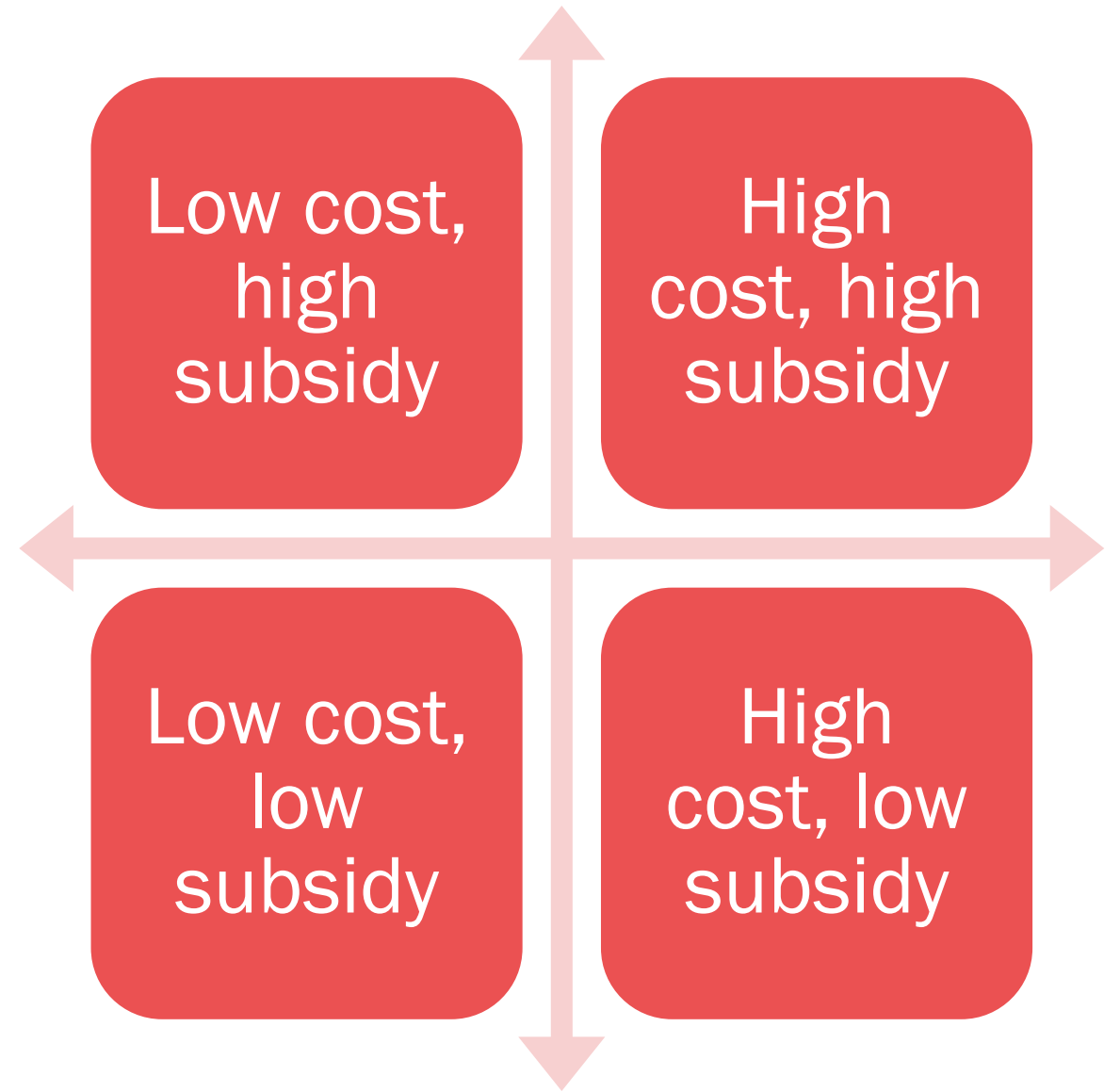
Invest in environmental cleanup, historic reuse, etc.

Invest in municipalities (e.g., capacity, resources to speed approvals, ability to reduce taxes)

Invest in workforce development

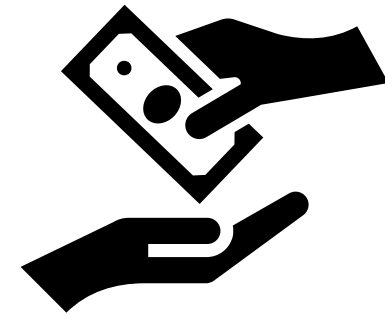
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HMDA Analysis (2021-2022)

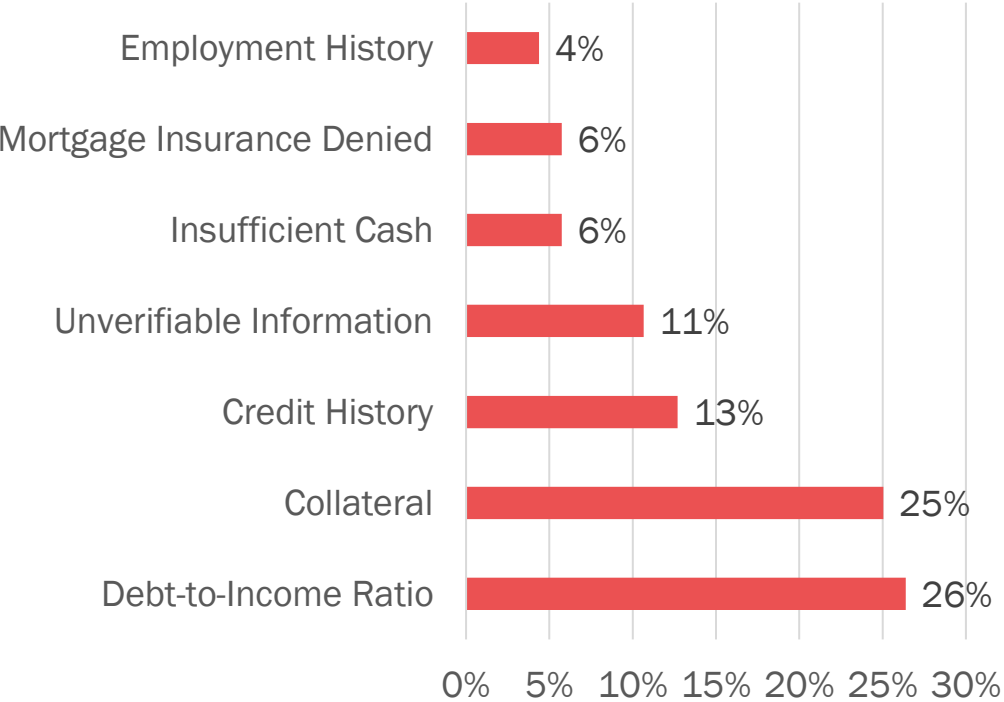
- There were about 11,000 mortgage applications in Rhode Island during this period
- Outcomes of mortgage applications
 - About 8,800 mortgages (79% of applications) were funded. Of these:
 - About 630 were to Black applicants (7%)
 - About 1,260 were to LatinX applicants (14%)
 - About 5,760 were to white applicants (65%)
 - 1,185 were to applicants of other races/ethnicities (13%)
 - The remainder of the applications were denied (5%) or withdrawn (15%)



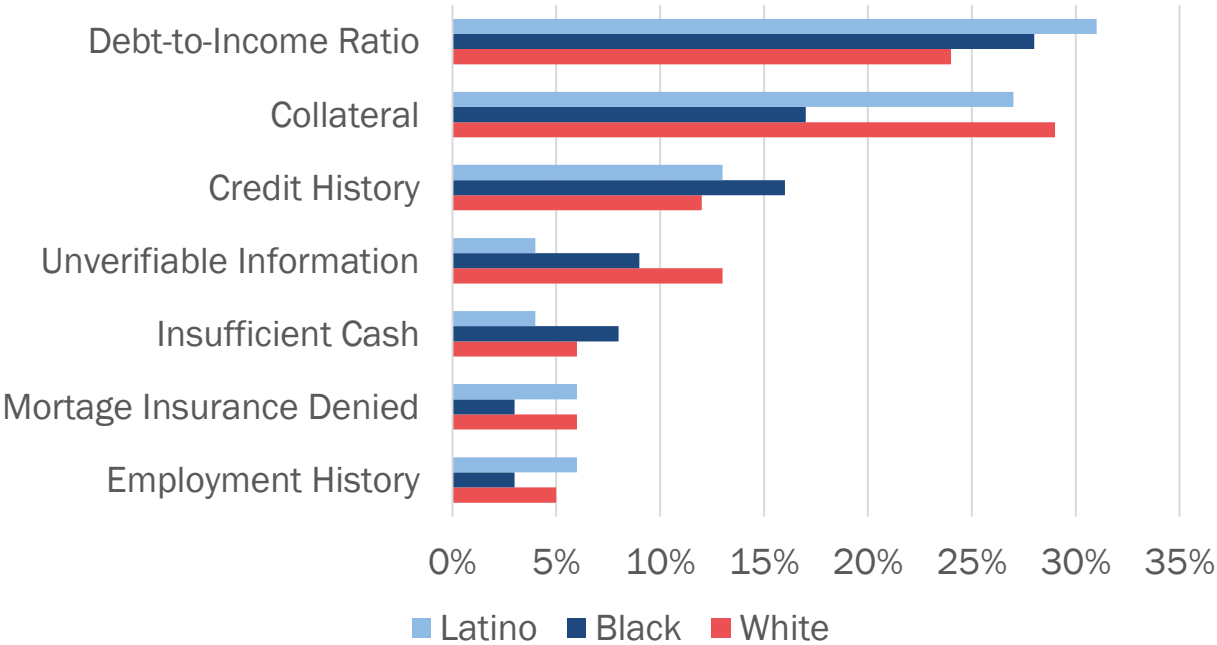
HMDA Analysis – Mortgage Applications Denied (2021- 2022)



Most Common Reasons for Denial (All)



Most Common Reasons for Denial (by Race/Ethnicity)



- Debt-to-income ratio was the most common reason cited for denial among Black and Latino mortgage applicants

HMDA Analysis – Mortgages Funded (2021-2022)

Mortgage Type	Share of Mortgages Funded		
	White	Latino	Black
Conventional (not insured or guaranteed by FHA VA RHS or FSA)	73%	37%	34%
Federal Housing Administration insured (FHA)	19%	56%	60%
Veterans Affairs guaranteed (VA)	7%	6%	6%

Debt to Income Ratio	White	Latino	Black
<36%	42%	21%	22%
36-42%	29%	28%	26%
43-49%	23%	32%	33%
>50%	7%	20%	19%

Loan to value ratio	Black	Latino	White
Less than or equal to 80%	10%	13%	40%
80% - 90%	6%	8%	15%
90% - 95%	20%	19%	20%
95% - 100%	57%	54%	23%
Greater than 100%	7%	5%	2%

- Mortgages funded for white applicants in Rhode Island were about twice as likely to have a debt-to-income ratio below 36 percent as Latino and Black applicants with funded mortgages
- Black and Latino mortgage borrowers primarily use FHA loans
- Black borrowers were three times more likely than whites to use FHA loans; Latino borrowers were 2.9 times more likely
- White applicants were much more likely than Black and Latino applicants to have large downpayments. White applicants were four times more likely than Black applicants to have loan-to-value ratios less than or equal to 80%.