

## Executive Office of Housing – Housing 2030 Memo

Dear Fellow Rhode Islanders,

Thank you to everyone who reviewed this plan and shared thoughtful feedback. Over a 30-day public comment period, the Executive Office of Housing (EOH) received 30 comments on the draft *Housing 2030* plan from across the state, including a number from representatives of municipal governments, boards and planners, advocacy groups, and other interested citizens. Many comments supported the EOH's efforts and approach; the most significant and important concerns fell into four areas we list below:

### 1. **Net New Units vs. Permits**

Concern: One of the largest categories of comments was that the plan's focus on new housing units permitted does not account for unit loss and suggested that *net* new units would be a better measure of housing supply gains. Commenters pointed to properties where a unit was torn down and a permit for a new unit was later issued to replace that same unit, arguing that this does not help housing supply or improve housing affordability.

Response: The goal of 15,000 new units permitted took into account both expected unit loss and population/household growth. Nonetheless, the point is well taken, and it would be ideal to use net new units as the measurement for goal setting. Improvements being made to the data infrastructure will allow us to accurately measure net new units as we track progress in achieving the goals of Housing 2030.

### 2. **Growth Category vs. Recent Housing Production**

Concern: Many comments focused on the tension between assigning municipalities a production goal based on growth categories versus a municipality's permitting over the past five years, as noted on page 31 of the original draft *Housing 2030*:

*“The overall production goal for each municipality, will be calculated **as the greater of** (1) the number of units permitted between 2019 and 2023 and (2) the result of multiplying the number of existing housing units in that municipality by the target growth percentage for its community type.”*

Comments indicated support for the growth categories. However, several commenters criticized the 2019-2023 average clause, as it undermines the principles for the categories and disproportionately impacts communities in the continued growth (lowest) category that had unusually higher growth from 2019-2023. For example, Exeter is in the lowest growth category, which has a goal of growing their unit stock by 0.4% per year, or roughly 53 units over five years. However, from 2019-2023, Exeter permitted 141 units of housing, a growth rate over 1% per year, which is a greater percentage than the goals for our highest growth category.

Commenters were concerned that using the higher figure for production goals is unsustainable and unachievable for smaller and rural communities.

Response: The methodology has been updated to align production goals for all 39 municipalities with the growth categories, regardless of recent production levels. It should be noted that changing the methodology will result in a slight production goal decrease for the following 16 municipalities: Burrillville, Charlestown, East Greenwich, Exeter, Glocester, Hopkinton, Jamestown, Little Compton, New Shoreham, Portsmouth, Richmond, Scituate, Tiverton, West Greenwich, Lincoln, and South Kingstown; even with this slight decrease the total production goal statewide is 15,896 (before the methodology change the total production goal was 16,664).

The decrease in municipal overall production goals results in a decrease in the municipal LMIH goals due to the municipal LMIH goals being calculated as a portion of the overall goal. It is important to note that the LMIH production goal in *Housing 2030* of permitting 2,250 units is different from the municipal LMIH goals. It should be noted that:

a) 2,250 is the goal for the entire state and focuses solely on *rental* units, whereas ownership units count towards municipal LMIH goals. The rationale for the statewide affordable rental goal was that the state is currently behind its affordable housing target, and therefore should adopt the same multiplier (15%) for its goal that applies to the municipalities that haven't met their 10% LMIH goal. Fifteen percent of 15,000 is 2,250.

b) Some municipal LMIH goals were reduced so that the plan could incorporate the most recent 2024 RIHousing LMIH counts. This is the first year that vouchers have counted towards the 10% LMIH goal, and as a result, three communities (E. Providence, Pawtucket, and W. Warwick) moved above the 10% threshold, lowering their LMIH production goals from 15% to 10% in the plan. This further reduces the sum of the municipal LMIH goals, but they are not intended to add up to the 2,250 statewide goal. Additional information on updated LMIH data can be found on RIHousing's website: <https://www.rihousing.com/wp-content/uploads/2024-LMIH-chart-public-memo-Final.pdf> <https://www.rihousing.com/wp-content/uploads/2024-LMIH-chart-public-memo-Final.pdf>

C) Additionally, as a point of clarification, the statewide LMIH goal was revised to be measured by total units permitted, not financed. The previous version on page 2, Exhibit 1, under "Housing goals for Rhode Island," listed, "2,250 affordable rental homes *financed*" providing a breakdown of "*Finance* 375 permanent supportive housing units" and "*Finance* 500 units affordable to people with extremely low incomes." This update will enable more consistent data and tracking of LMIH units permitted.

### 3. **"Municipalities are not the only problem"**

Concern: Some commenters felt that municipalities were blamed in the draft report for lack of production, and that the report over-emphasized obstacles at the municipal level are while not acknowledging obstacles at the state level and other factors outside of municipal control.

Response: *Housing 2030* acknowledges state and federal level obstacles to housing production and other factors affecting housing production that are beyond the control of municipal government. Interest rates, tax rates, tariffs, workforce dynamics, market forces and other factors are all critical components to the viability of housing development. *Housing 2030* does not discount these realities, but makes a concerted effort to focus on the factors that are within state and local control. The plan attempts to recognize and clarify the state's role while identifying areas for improvement. EOH will continue to work alongside state agency partners, to explore strategies to reduce delays with the state permitting and approval processes.

#### 4. **Conflicts with Land Use 2025**

Concern: There were several comments that expressed concern that our plan conflicts with Land Use 2025 – specifically stating: “the assigned housing production numbers in the plan reverse the goals of Land Use 2025 and enforce the continued population movement toward the more rural areas.”

Response: This criticism was linked to item #2 above, the methodology of the municipal housing production goals, as the impact of using recent housing production as a baseline for production goals had a disproportionate impact on rural communities. As recommended, EOH has eliminated the recent housing production from the goal setting methodology and believes *Housing 2030* compliments Land Use 2025 because it focuses on building housing in proximity to jobs and transit, which aligns with Land Use 2025's focus on growing within the urban services boundary. Rural communities will not be required to surpass their minimum “continued” growth category goal of 0.4% annually, whereas the strategic growth communities are being asked to permit housing at double the rate - 0.8% annually. With this critical change, the methodology now aligns with Land Use 2025's proposal to promote higher density along transit corridors and areas where public water and sewer service is present.