



# House Commission on Housing Affordability

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October 17<sup>th</sup>, 2024

**RHODE  
ISLAND**

# State Housing Plan

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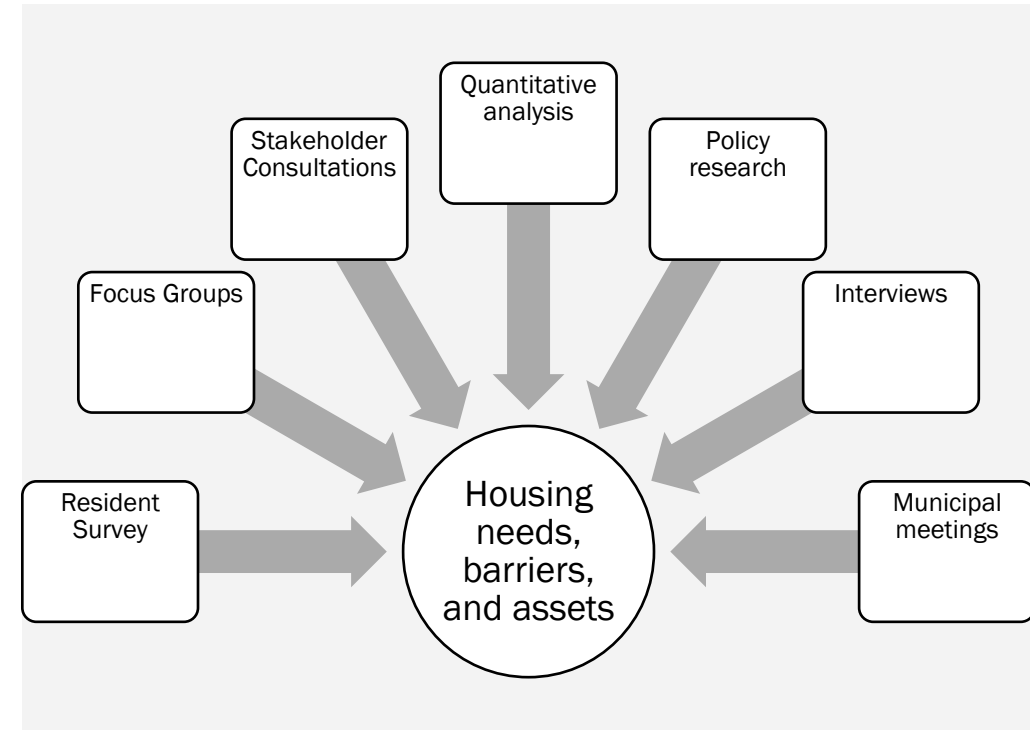
# What is *Housing 2030*?

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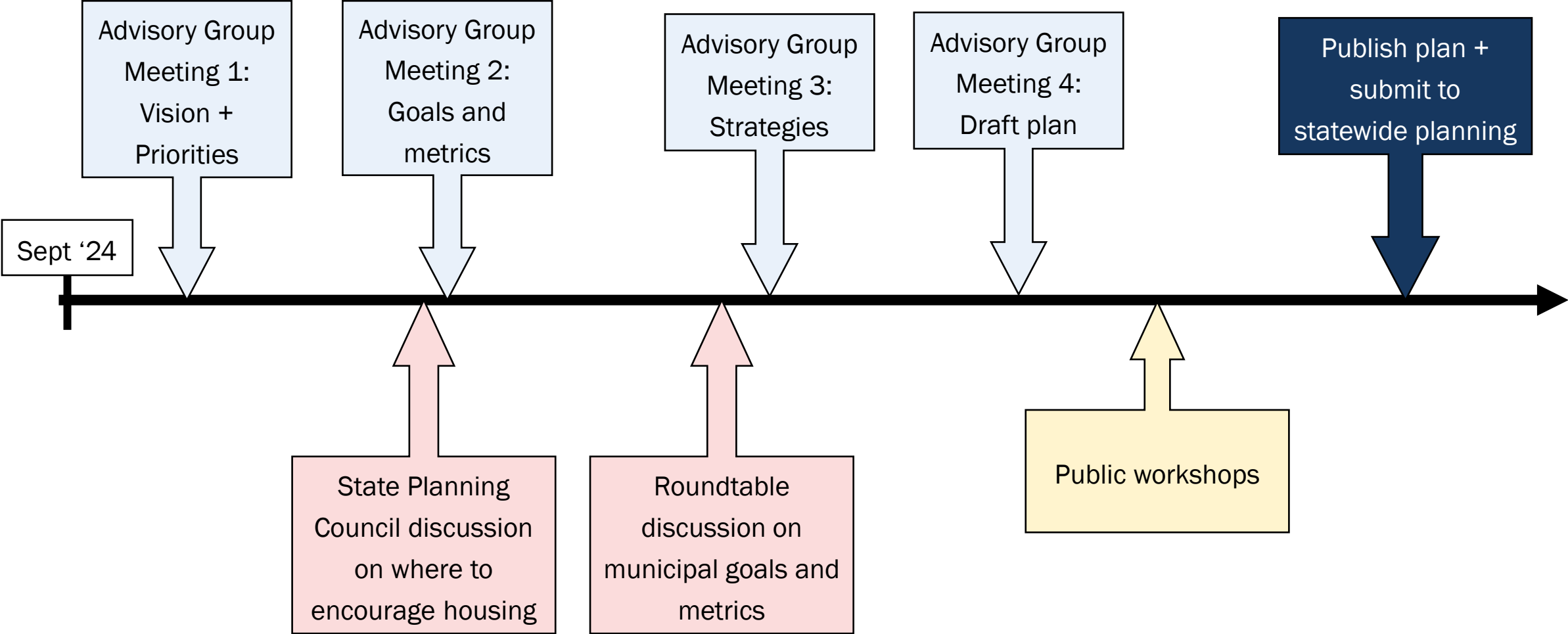
- *Housing 2030* is the name for the state housing plan we are developing
- Aim is that this process will bring Rhode Islanders together to set **concrete and measurable** housing-related goals and align on strategies for making meaningful progress towards achieving these goals.
- *Housing 2030* is grounded in the existing and projected housing needs of Rhode Islanders and Rhode Island communities.
- Housing 2030 aims to be an actionable plan that is not intended to sit on a shelf. It will do this by:
  - Creating and informing tools for Rhode Island communities to use
  - Serving as a roadmap for policy and budget proposals for FY2026 and beyond
  - Helping guide the State's use of federal funds,
  - Becoming adopted as the State's Guide Plan Element – which will inform municipal planning efforts for years to come

# Process Overview

- Builds upon initial options and observations described in the RI Foundation's 2023 work with BCG.
- Working with Abt Global (Abt is subcontracting with the Rhode Island League of Cities and Towns, Housing Works RI, and Root Policy)
- Three phases to the process
  - **Phase One:** Baseline housing analysis which resulted in 2023 Integrated Housing Report
  - **Phase Two:** Housing needs, barriers, and housing planning/goal setting best practices
  - **Phase Three:** Recommended policies, goal setting, and resources



# Housing 2030 Current Timeline



# Advisory Group Meeting 1

- Public meeting held in September, first convening of the advisory group
- Discussion of draft vision and priorities
- Draft vision presented – Produce and preserve housing to meet the needs of all Rhode Islanders
- Draft priorities presented:
  - Housing stock
  - Affordability & Access
  - Homeownership
  - Homelessness



# Housing in Rhode Island: Challenges and Recent Progress

## Current Challenges

- Over a decade of low housing production has led to a housing shortage
- Median home sale prices have increased by **more than 57%** and average monthly rents have increased by **more than 50%** in the last 5 years
- Unsheltered homelessness has grown significantly since the onset of COVID (~400 more individuals than in 2019)
- Increased pressure on housing market from short term rentals

## Recent Progress

- Development and launch of the Department of Housing
- Two rounds of legislative reform packages thanks to Speaker Shekarchi and the General Assembly
- Historic investment into housing using the federal State Fiscal Recovery Funds (on pace to fund more than 2,300 units, more than 1,700 of which are affordable, over 250 middle income)
- 2,453 units permitted in 2023 (Housing Works RI permit survey), the most for Rhode Island since 2005

# Draft vision and priorities

## Housing 2030

**Draft Vision:** Produce and preserve housing to meet the needs of all Rhode Islanders

## Draft Priorities

Housing Stock

Affordability & Access

Homeownership

Homelessness

2030 cross-cutting priorities

Improving education

Enhancing public health and wellness

Driving economic growth and the Rhode to Prosperity

Addressing climate change

Values

Transparency

Accountability

Partnership

Equity

Collaboration

Data

# Rhode Island has a choice.

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## What kind of future does Rhode Island envision for itself?

- Faced with these challenges and tradeoffs, Rhode Island must face some key questions as it creates a vision for itself.
  - Do we want to be a place where our children and grandchildren can afford to live both now and in the future?
  - Do we want to be able to retain our talented workforce?
  - Do we want to price even more Rhode Islanders out of the state?
  - Do we want to be a welcoming, diverse state?
  - Do we want to be a place where elders may age in community?

**Draft vision:** Produce and preserve housing to meet the needs of all Rhode Islanders

# Housing Stock

## What we heard from Rhode Islanders

- 78.4% of survey responses agreed that Rhode Island needs more housing (13.7% not sure)
- The housing types they want to see built are included below:

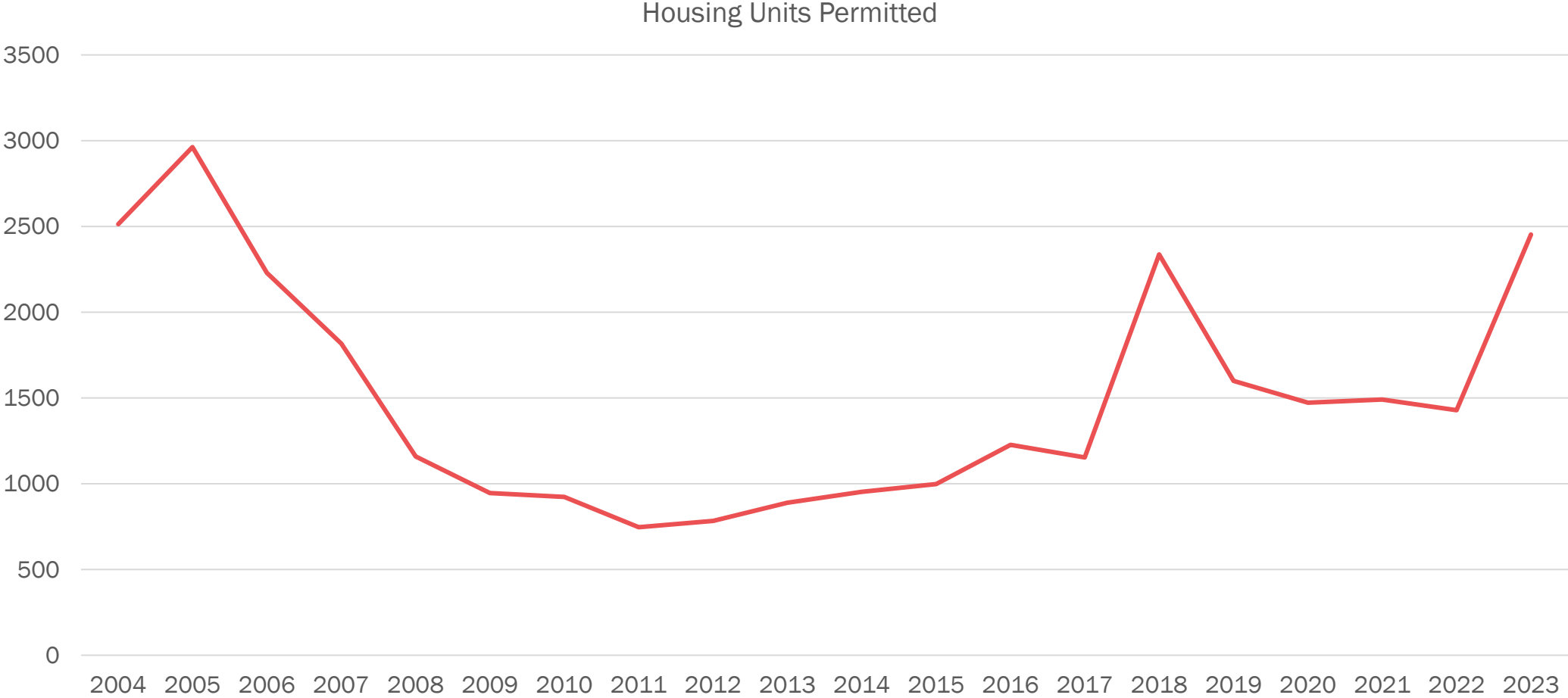
Answer Choices	Preliminary Response Rate
Duplexes, triple-deckers, or townhomes	58%
Mill conversions, office building conversions, or other types of conversions	57%
Accessible housing options	54%
Single family homes	54%
Multi family apartment buildings (4+ apartments)	52%

“Middle income families cannot afford to live here. The town is slowly dying.” – Survey response

## What we heard from municipalities

- Need for more housing
- Concern about lack of housing for families, workforce, and seniors
- Concern about external pressures on local housing market (short term rentals, out of state sales, student housing)
- Strong interest in adaptive reuse, building upon existing footprint, while preserving conservation and open space
- Limited and aging infrastructure to support housing development

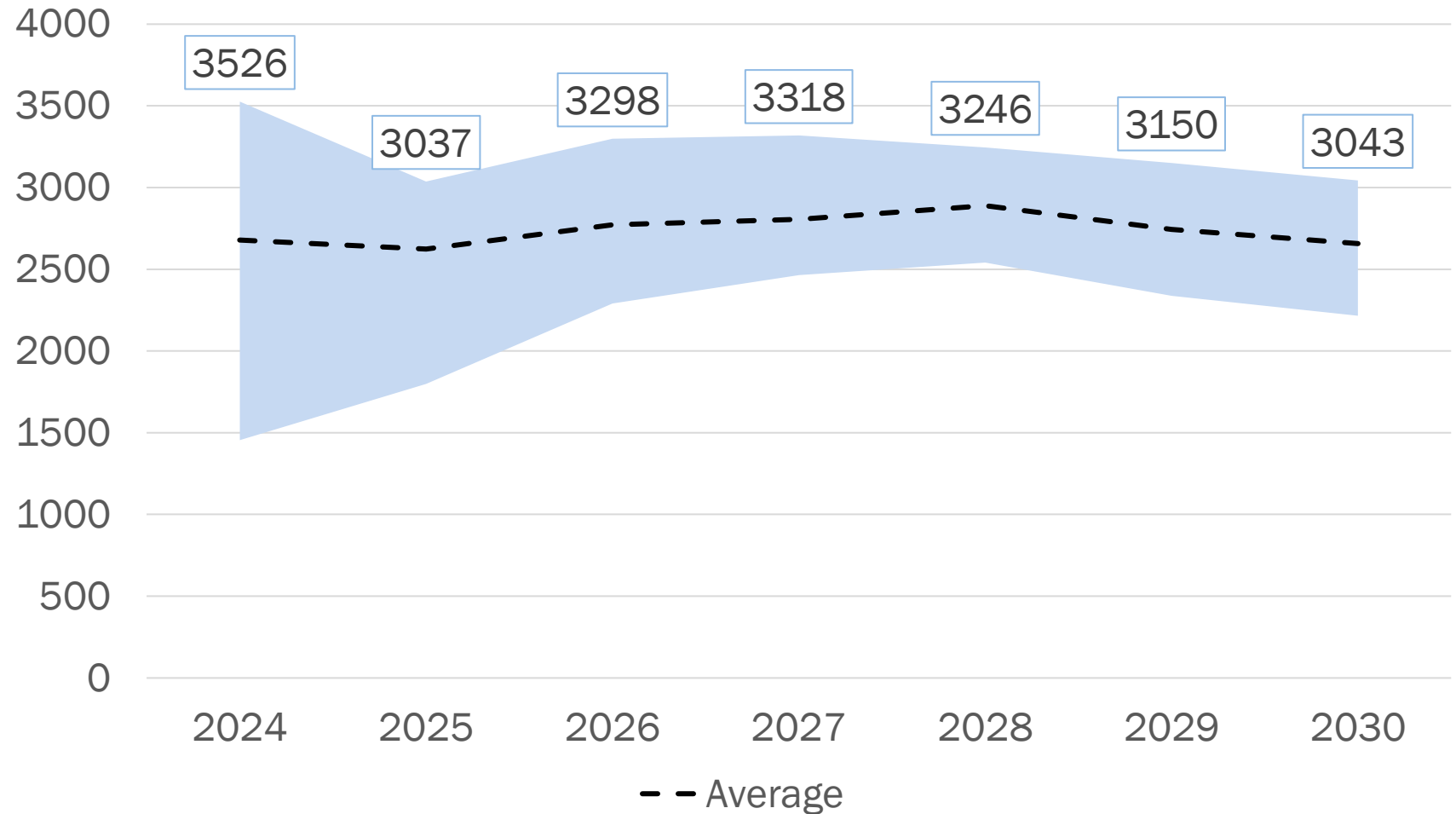
# Housing Units Permitted



Source: Census Building Permit Survey – Housing Works RI

# Housing Stock

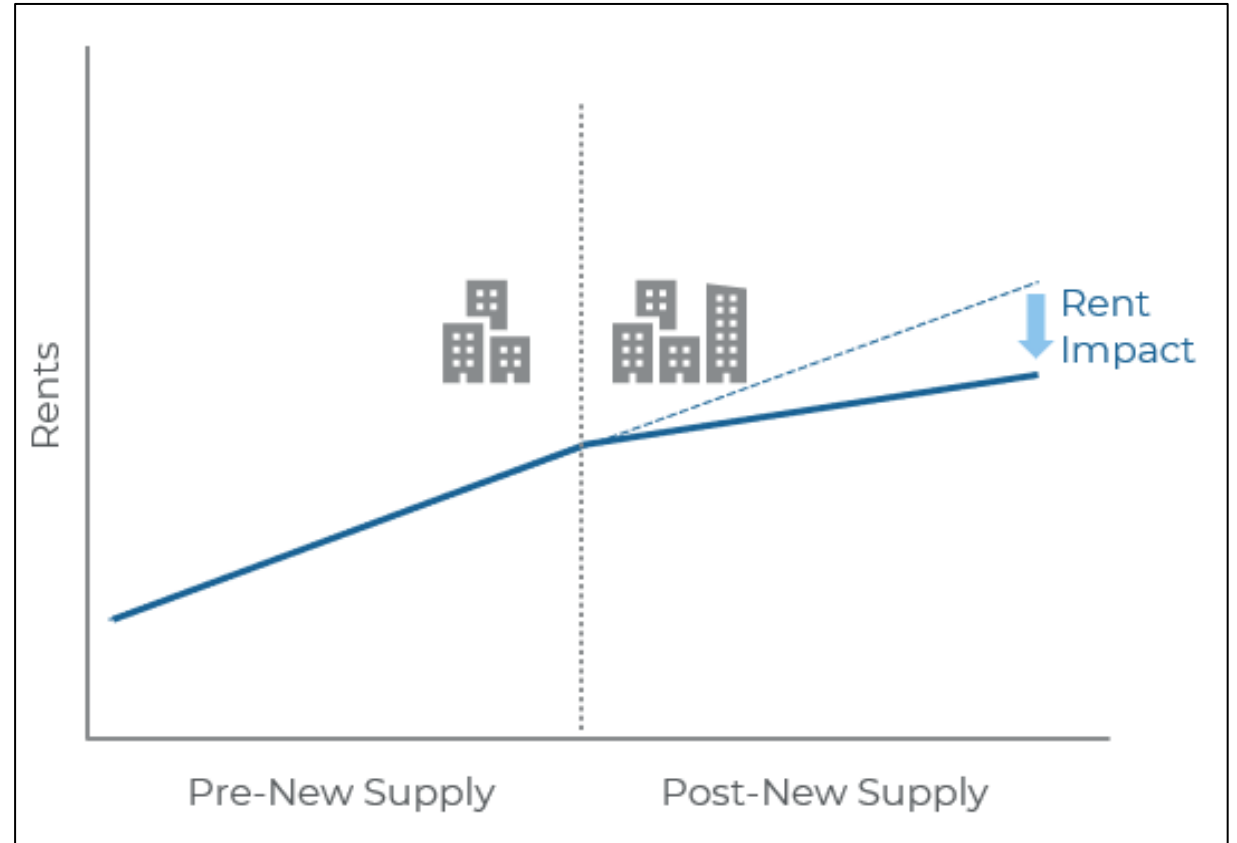
- Average new units required annually to match household formation, unit loss, and low-population growth is between 2,224 and 3,087
- These estimates are a guidepost that represent the floor of production needed to prevent affordability issues getting worse.



# Housing stock

## Reasons to focus

- Housing production and preservation are essential strategies for achieving long term housing affordability
- Vacancy rates in Rhode Island and growing housing prices signal a strong need for additional housing construction
- Rhode Island's housing production has only just begun to reach pre-Recession levels



# Affordability & access

## What we heard from Rhode Islanders

- In focus groups and from the resident survey, affordability is the number one concern
- Renters who were not satisfied with their current living situation shared the following reasons (survey responses)

Why are you not satisfied with your apartment?	Preliminary Response Rate
It's too expensive	46.6%
It doesn't fit me or my family's needs	31.3%
My rental unit is in poor condition	30%
Bad/rude/loud neighbors	21%
My landlord won't respond to my concerns	17%
Crime in the neighborhood	12%
It isn't close enough to my family, friends, or employment	10%
Cost of home repair/maintenance is too expensive	6%
My home isn't physically accessible	5%
It isn't close to transit	5%

## What we heard from municipalities

- Need for more housing that is affordable
- Concern about children and grandchildren not being able to afford living in their community
- Some communities are broadly supportive of more low-mod housing while others have other priorities
- Desire to build affordable housing for seniors
- Mixed reactions to the 10% rule across communities

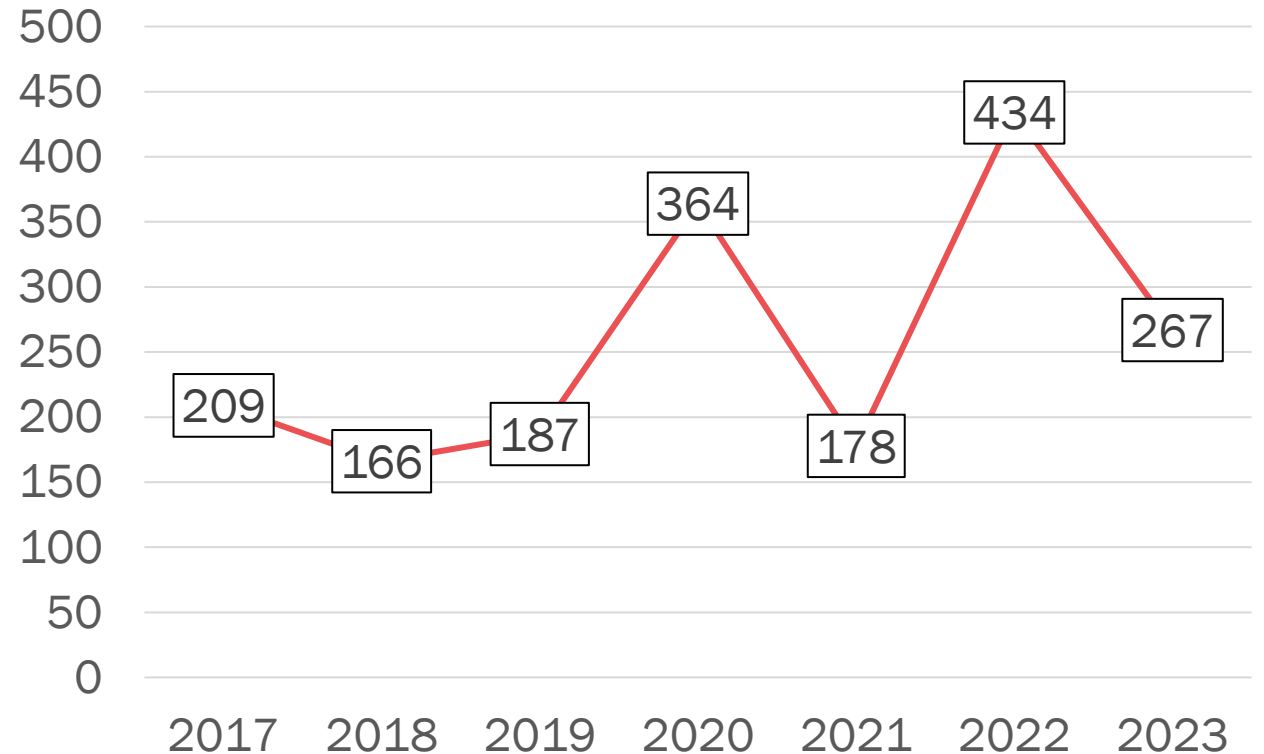
# Affordability & Access

Estimated average annual net new households added through 2030, by Tenure and AMI

	Rental	Ownership	Total
0%-30% AMI	294	116	411
30% - 60% AMI	255	251	507
60% - 80% AMI	93	130	224
80% - 120% AMI	171	379	551
120% + AMI	181	866	1,047
<b>Total</b>	<b>995</b>	<b>1,744</b>	<b>2,739</b>

Source: Root Policy Research, S&P Global Market Intelligence, ACS 2022 1-year estimates, U.S. Census 2023 National Population Projections, 2010 and 2020 Decennial Census, HUD 2017 Components of Inventory Change Report, HUD 2022 Statewide Income Limits

New Low-Mod Units Granted COs 2017 - 2023



Source: Low-Mod Chart, Housing Works RI, RIHousing

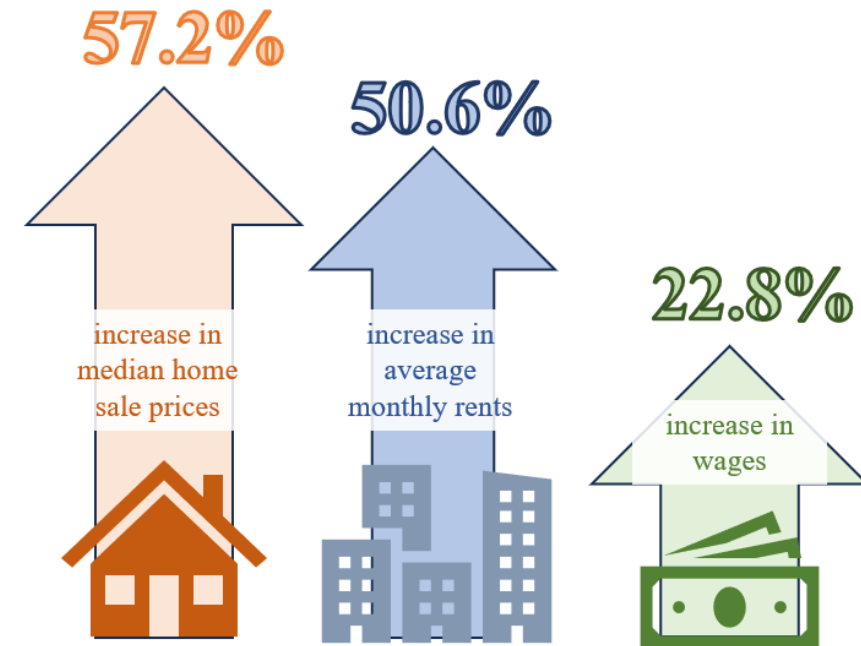
# Affordability & access

## Reasons to focus

- More than one-third of Rhode Islanders are housing cost burdened
- The growth of wages have not kept up with the increased in home sale prices and rents
- A lack of affordable housing will price out Rhode Islanders and impede community and economic development

## Housing costs are rising much faster than incomes

Changes in Housing Costs and Wages: Q4 2018 to Q4 2023



Source: RI DLT Quarterly Wage, Zillow median home prices, Zillow average monthly rent

# Homeownership

## What we heard from Rhode Islanders

- 41% of renter households said they would like to buy a home but currently cannot (reasons below)

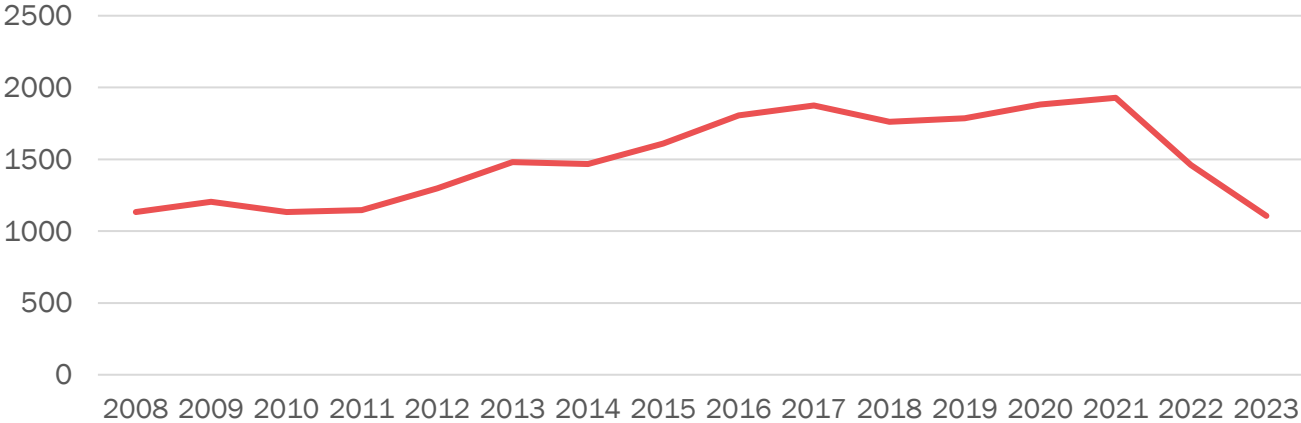
Answer Choices	Preliminary Response Rate
I cannot find any homes in my target price range	75%
Interest rates are too high	58%
I need a mortgage but available homes in my price range are sold to people who pay cash	50%
I cannot find any suitable homes in the area where I want to live	48%
I can afford the monthly expenses (mortgage, utilities, etc.) but not the down payment	43%
My credit history would keep me from getting approved for a mortgage	21%
I'm not interested in buying a home	3%

## What we heard from municipalities

- Homeownership units are not coming online because options for seniors to downsize are unavailable
- Short term rentals and second homes are reducing available housing stock
- Affordable starter homes are not being built, homeownership options are out of current residents' price range
- Concern about younger generation
- Focus on communities with low homeownership rates

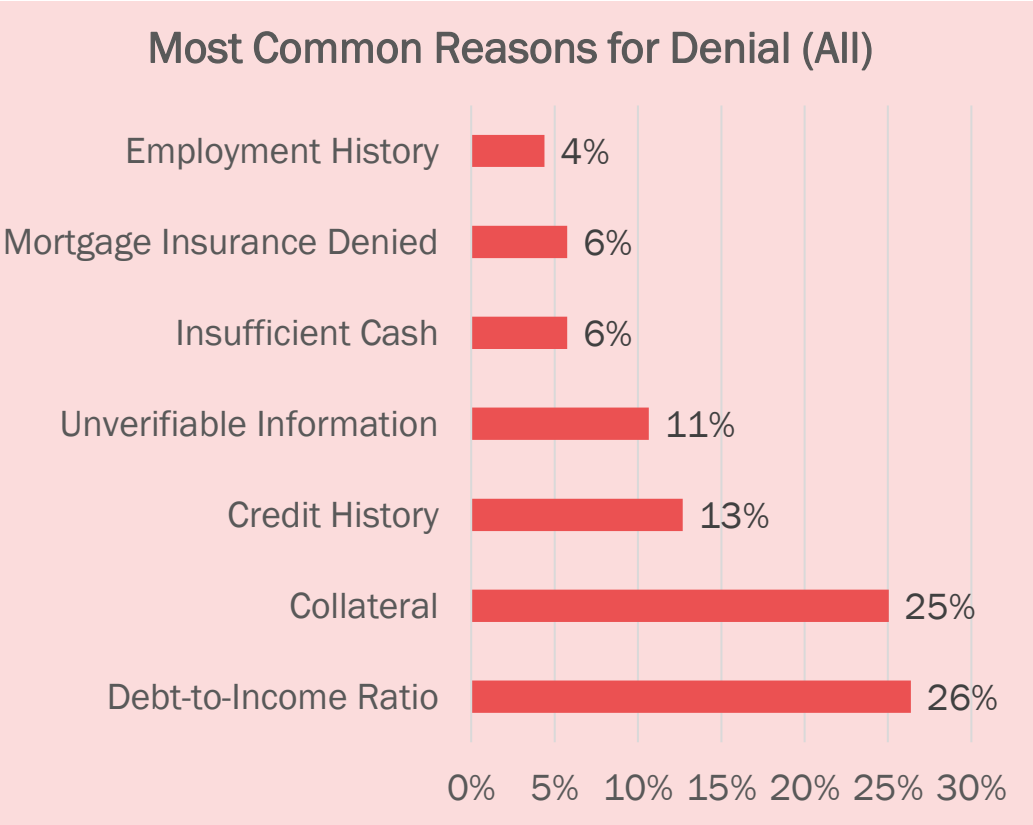
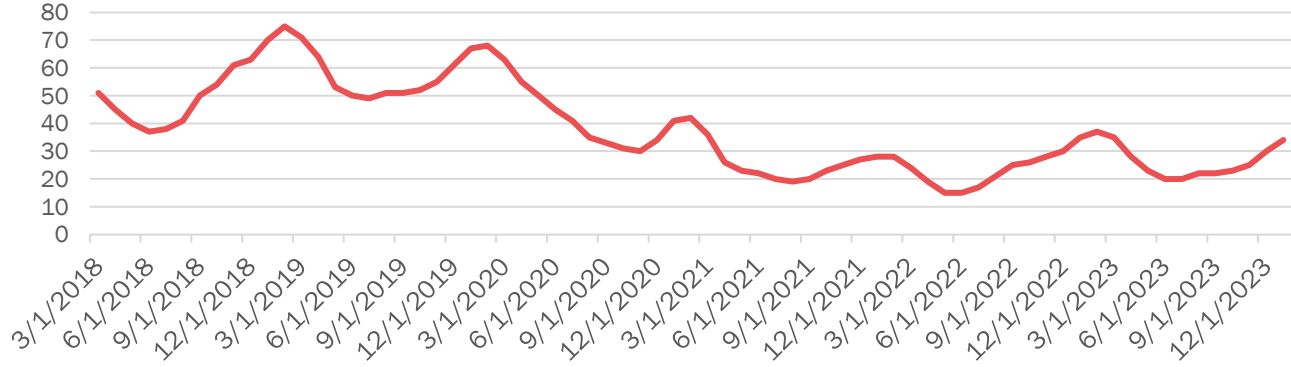
# Homeownership

Avg. Monthly For Sale Inventory 2008 - 2023



Source: Zillow Housing Data

Average Days from Listing to Pending Sale 2018 - 2023



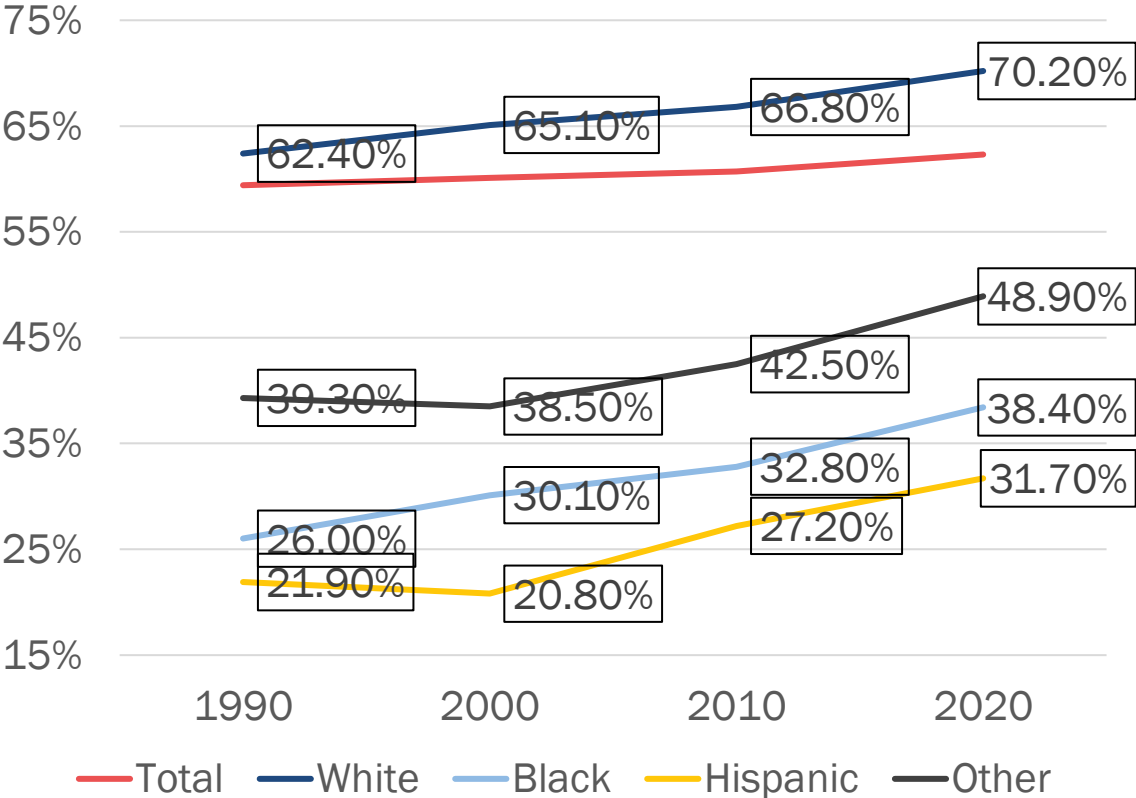
Source: HMDA Data

# Homeownership

## Reasons to focus

- Homeownership offers stability, flexibility, and autonomy to individuals and families. These have meaningful impact on community development.
- Homeownership is a wealth building tool
- The racial and ethnic homeownership gap in Rhode Island are in part due to current and historical discrimination and effects of redlining

Exhibit 10: Rhode Island Homeownership Rates by Race or Ethnicity, 1990-2020



# Homelessness

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## What we heard from Rhode Islanders

- Homelessness is a deeply concerning humanitarian and public health issue
- Resident survey responses shared concerns about homelessness in their community and about their own experiences with homelessness
- Affordability challenges due to changes in work, loss of income, and rising rents were cited as primary reasons for homelessness

## What we heard from municipalities

- Homelessness is a growing concern in some communities
- Other communities are unaware of local homelessness
- Need for state support for long term solutions as well as short term supports

# Homelessness

Exhibit 16: Available Year Round Beds

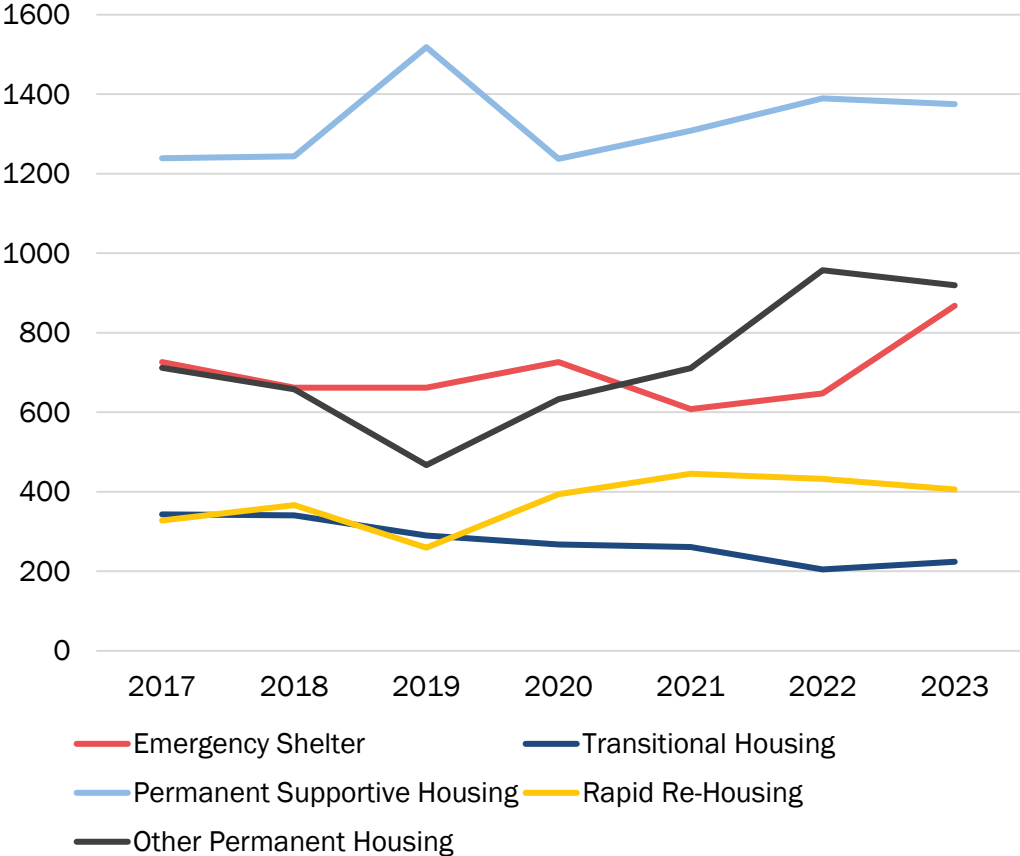
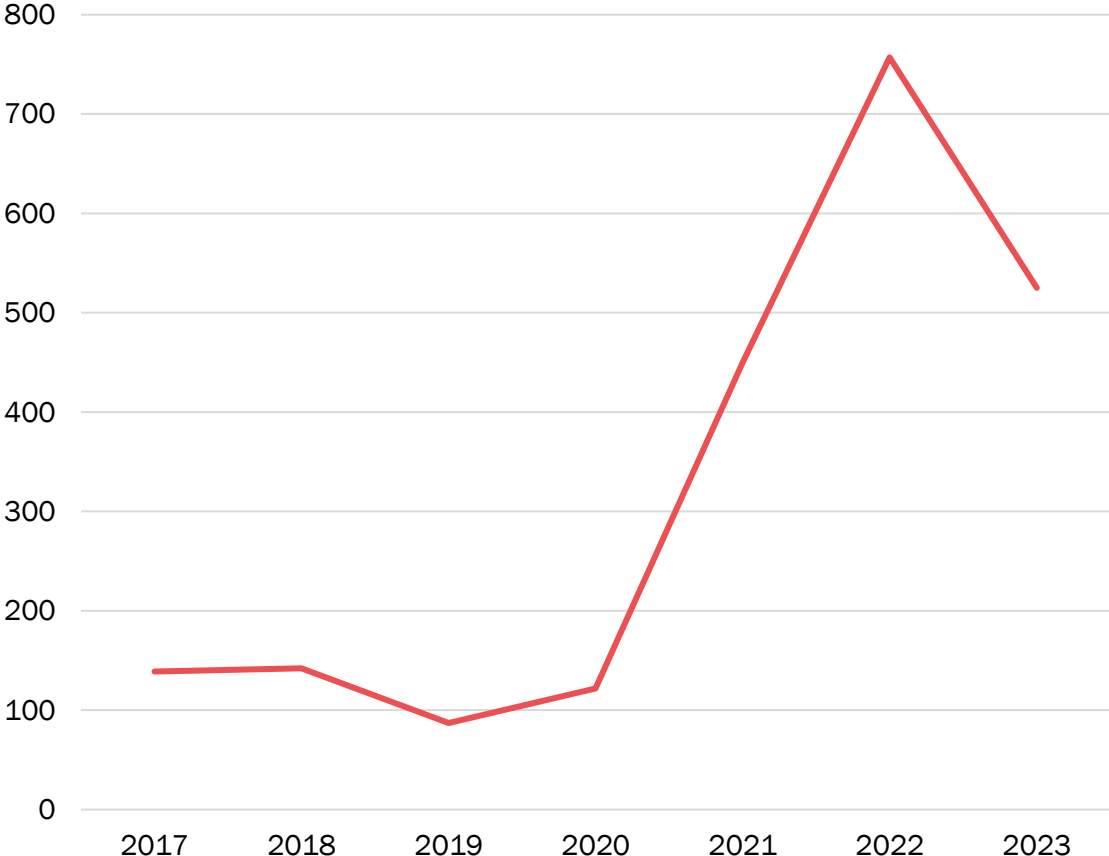


Exhibit 17: Available Seasonal Emergency Shelter Beds

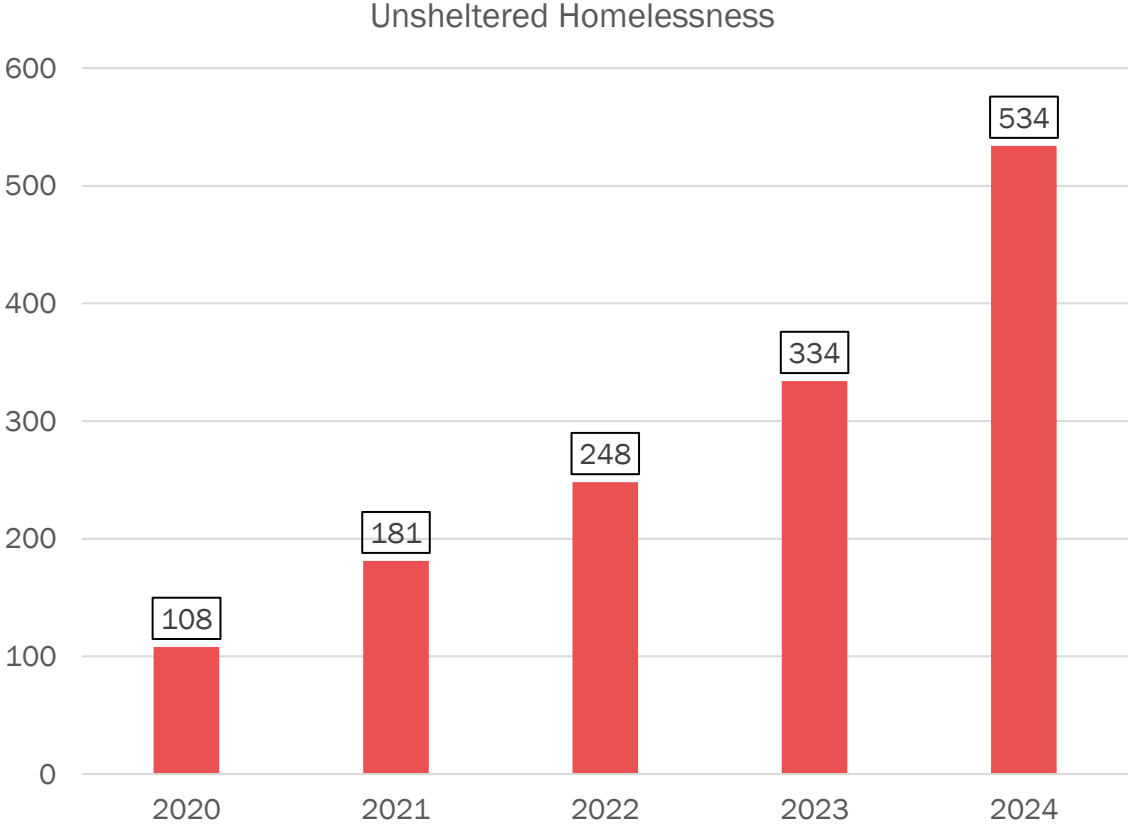


Source: HUD Housing Inventory Count

# Homelessness

## Reasons to focus

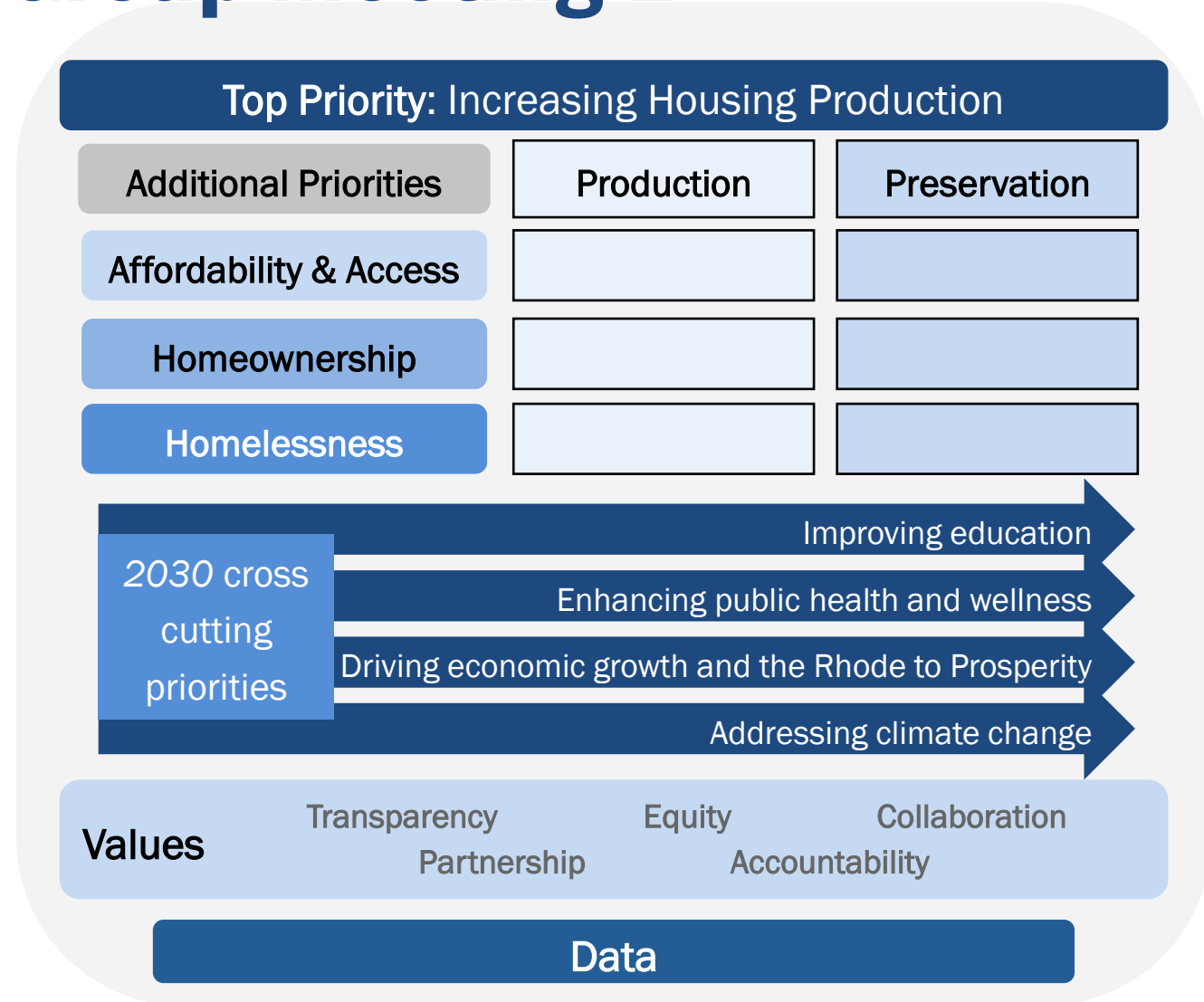
- Since the onset of the COVID-19 pandemic, homelessness (particularly unsheltered homelessness) is growing in Rhode Island
- Homelessness has serious impacts on individual’s health and community health
- Research demonstrates that rental vacancy rates are strongly associated with homelessness, indicating that increased production helps reduce homelessness



Source: HUD Point in Time Count

# Feedback from Advisory Group Meeting 1

- Draft vision presented – Produce and preserve housing to meet the needs of all Rhode Islanders
  - **Updated draft vision** – Produce and preserve housing to meet and respond to the needs of all Rhode Islanders; with a focus on creating a diversity of housing options, affordability, and accessibility.
- Particular focus on increasing housing production and recommendation to call out preservation more explicitly in goal development (see figure)
- Additional feedback on what success and progress look like under each priority



# Upcoming Dates

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- Upcoming dates

- *Presentation at State Planning Council* – November 14<sup>th</sup> (meeting runs from 9 – 10:30 AM)
  - Feedback from Council on where to encourage housing development
- *Advisory group 2 meeting* – November 21<sup>st</sup> from 9 – 11 AM
  - Housing goals and metrics
- *Advisory group 3 meeting* – December 18<sup>th</sup> from 1 – 3 PM
  - Strategies to support achieving goals

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# Feedback or Questions?

- Email Patrick Duffy at [Patrick.s.duffy@housing.ri.gov](mailto:Patrick.s.duffy@housing.ri.gov)

