

Housing

GOAL: Grow, improve, and preserve Providence’s housing stock to expand affordable, accessible, healthy, and sustainable housing options for all residents.

The City of Providence is deeply committed to making housing more accessible and affordable, and ensuring

that all residents have the opportunity to live in decent, safe, and price-appropriate housing. The City has a responsibility to ensure that its policies encourage a wide range of housing; do not impede housing production; encourage maintenance and preservation of the existing housing stock; increase housing choice; and provide assistance to enable all residents of Providence to live in safe, habitable homes.

The City of Providence commissioned its first **Anti-Displacement and Comprehensive Housing Strategy** in 2020, a plan which sought to build upon past and present efforts to craft a concise vision for housing production in Providence. This study, conducted by a national consulting team, included a thorough real estate market, socioeconomic, and financial feasibility study to understand current and projected housing need in the City (2020-2030). Utilizing this data analysis and community input, the Strategy laid out a 10-year plan to boost housing production in the City via programmatic changes, new funding strategies, recommended policy changes, and recommended new programs to be explored.

Additionally, every five years, the City conducts an **Analysis of Impediments to Fair Housing Choice**, a federally-required planning effort which seeks to identify any barriers to fair housing choice in the jurisdiction so that the City can identify and pursue appropriate actions to overcome the effects of any impediments identified or eliminate such impediments.

The City must encourage a dramatic increase in the production of new housing over the next 20 years to meet the needs of Providence’s growing population. Within this 20-year timeframe, the condition and suitability of the City’s aging housing stock will also have to be addressed through redevelopment and rehabilitation.

Changes

Evolving Housing Market

The real estate market in Providence has seen significant fluctuations influenced by local and national economic trends as well as the global pandemic. Since 2015, Providence’s housing market experienced steady price appreciation, driven by factors such as job growth, low mortgage rates, and a relative affordability compared to nearby cities like Boston. The COVID-19 pandemic introduced unprecedented challenges and disruptions to the housing market. While there was initial market uncertainty, Providence, like many other markets, saw a surge in demand for single-family homes and a shift towards remote work prompted some individuals and families to seek out larger homes or homes in less densely

populated neighborhoods. Concurrently, Providence attracted new residents who left larger cities yet desired to inhabit an urban context that provided a walkable neighborhood with proximity to arts, culture, cuisine, and vitality.

Demand for housing in Providence remains strong overall, fueled by a combination of factors including population growth, revitalization efforts, and the presence of universities and healthcare institutions attracting students, faculty, and medical professionals. Numerous challenges have exacerbated affordability concerns for many residents, including limited housing stock and land availability and rising construction costs and materials shortages, which have led to reduced housing production, especially in certain price ranges. Additionally, economic uncertainties and external factors like changes in mortgage rates and tax policies have influenced buyer behavior and market dynamics.

Cost of Housing

Providence's housing market is experiencing significant cost increases. At +9.5%, the sale value increase in housing prices in Providence is 6% higher than the overall state increase. Both values have doubled in the yearly appreciation value at the end of 2021. In 2023 alone, the median sale of a single-family house increased at an annual average of 7.7% and rental prices increased 7.5%. The 2023 average cost of rent in Providence is \$2,074 per month, and median sale for a single-family home is \$330,000.

The rise in housing prices, combined with the decreased total number of homeowners and increase in population has forced a squeeze on the housing market. The citywide vacancy rate in 2020 was 2.6%, a historic low. However, several neighborhoods are still challenged by high rates of foreclosure, vacancy and abandonment.

Providence's housing stock grew approximately 5% to 75,257 units from 2010-2020, while the overall population grew over 7%. In 2023, 60% of Providence households were renters and 40% owned their home. 2023 estimates show that over 33% of Providence home-owners and 46% of renters are cost burdened, spending more than 30% of their income on housing expenses. As of 2022, 14.3% of housing units in Providence had an affordability restriction of at least 30 years, which exceeds the 10% minimum of the Rhode Island Low and Moderate Income Housing Act.

Housing Development

In recent years, the city has seen a significant increase in the construction of single and multi-family residences, both infill development on vacant lots and rehabilitation of existing structures. City permits show an increase of 3,957 units from 2015 to early 2024. However, historic development levels in prior decades have resulted in a supply shortage and growing rates of housing cost burden.

Downtown Providence is both a residential neighborhood as well as a commercial destination. Some office-to-housing conversions are expected in the next few years, however, opportunities are limited by floorplate configurations and the success of early conversion initiatives in decades past. As exemplified by the lingering attempt to reposition the iconic "Superman Building," construction costs and a menagerie of grants, low-interest loans, tax treaties and tax credits continue to be insufficient to move

the project beyond the planning phase. A number of the colleges and universities in Providence have built new dormitories and/or converted existing buildings to dormitory use, but growing enrollments continue to increase demand for off-campus rental housing on nearby neighborhoods.

Demographics

As of the 2021 Comprehensive Housing Strategy, 60% of the City's households earned less than 80% of area median income, meeting the federal definition of "low- and moderate-income" to qualify for many U.S. Department of Housing and Urban Development ("HUD")-funded housing programs (such as Section 8). In 2021, more than 29% of the City's households earned less than 30% of AMI, which is considered "extremely low income." 64% of Providence households (as of 2021) were considered "cost-burdened" (paying more than 30% of their gross income for housing and essential utilities), placing them at greater risk of displacement and housing instability. This is a 15% increase since 2010. Almost a quarter of Providence households (24%) were "severely cost-burdened" (paying more than 50% of their gross income on housing costs). While housing and other costs have risen in recent years, the median income of City residents has remained relatively stagnant.

Demand for special needs housing has increased locally and is projected to continue to grow. Providence residents who are living with multiple disabilities has increased in recent years, and consistent with regional and national trends, the City's population continues to skew older, meaning more residents who may require modifications to their homes or alternative housing types in order to safety and affordably age-in-place.

Challenges

Housing for All

For Providence to retain and attract businesses and workers, the City must offer an ample supply and wide variety of housing types for people across the income spectrum. The City must also work to link the types of housing available to the types of jobs available and work to develop housing in areas near transit to create more affordable living for those working in Providence. An adequate supply of workforce housing is crucial to attracting quality jobs to Providence. It is also crucial to retaining existing residents. In addition to ensuring that there is affordable housing for those who need it, the city must have housing available for young professionals including those with moderate and higher incomes.

Without housing for all, the city will continue to experience out-migration, "brain drain," and displacement of long-time residents. Cuts in entitlement funding sources year-over-year also make it more difficult for community development corporations (CDCs), community-based organizations (CBOs) and other developers to develop new affordable and supportive housing. The competitive nature of the housing market has also impacted the availability of affordable housing, as many rental property owners have chosen to rent to students by bedroom rather than families to maximize rents charged per unit. Affordable housing also needs to be distributed equitably throughout the city. Developing mixed-income neighborhoods is critical to the future economic sustainability of the city as a whole.

High property tax burden for homeowners in the city can make it difficult for property owners, especially seniors on fixed incomes, to retain their homes, and commercial property taxes (the highest rates in the State) are often passed to tenants via rents. In 2023, commercial tax rates paid by apartment buildings with six or more units were decreased by 4% in part to alleviate upward pressure on rents.

Providence, like other major cities with tight rental markets, higher home median values, and median rental prices, experienced an unprecedented rise in homelessness (70% increase since 2020 according to HUD 2023 Point-in-Time data). Ability to shelter and rehouse constituents efficiently is predicated on the City having an adequate supply of supportive housing options, such as shelters, recovery housing, transitional housing, and permanent supportive housing for those with higher service needs, ideally integrated within an array of neighborhoods with access to transit and amenities. To that end, this Comprehensive Plan update eases restrictions on siting transitional shelters and group homes, enabling these facilities to locate in residential and mixed-use zones by right.

Lead Paint & Healthy Housing Hazards

Almost 90 percent of Providence's housing is over 50 years old. These structures run the gamut from single family homes to larger apartment buildings. Ongoing investment in these buildings is required to avoid decline and decay. Focus must be paid to preserve Providence's unique, historic housing stock to promote healthy living conditions. Due to the age of the housing stock, lead paint hazards are a significant issue and pose health and safety issues for many families.

Limited Resources

Over the last ten years federal and state resources for developing affordable housing had been largely stable. However, in most recent years, the federal allocation of Community Development Block Grant and HOME funding to the City has been decreasing. The City and State must use its funds more efficiently and pursue new funding sources and innovative partnerships, such as housing bonds and other tools. In addition to the reduction in funding provided to the City, the cost of developing housing has dramatically increased. The state legislature's modification of the state historic tax credit program, combined with the overall state of the economy, has slowed the preservation and redevelopment of historic structures in Providence. The City expects the federal share of housing development costs to continue to decrease over the next 20 years.

Opportunities

Commitment

The Anti-Displacement and Comprehensive Housing Strategy details the vision and priorities of the City in addressing pressing housing needs in Providence. The City has incorporated many of the objectives and strategies of the Strategy into this comprehensive plan, including identification of new funding streams.

The City utilizes its annual HUD entitlement grants, HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) to address housing rehabilitation and construction for low-moderate income populations. The City receives approximately \$5M in CDBG and \$1.5M in HOME annually and will continue to braid these limited resources with other public and private funding sources to amplify impact.

The City is also committed to providing affordable housing through the Providence Housing Trust, administered by the Providence Redevelopment Agency (PRA). The Housing Trust provides resources to create, rehabilitate, and preserve affordable housing throughout Providence. Funds from the Housing Trust may be used for acquisition and development of affordable units. The fund also provides flexibility to ensure that projects move forward by providing critical gap financing via bridge or permanent loans. In 2020, the Providence City Council capitalized the Trust Fund through 10% of annual Tax Stabilization revenues. This revenue also enables the PRA to bond to capitalize the Trust (the first \$24.75M bond closed in 2021). Treasury State and Local Fiscal Recovery Funds were also recently used to further capitalize the fund. These initial investments are expected to generate close to 1,000 new units of housing by 2025.

In 2023, the City also created a rehabilitation Revolving Loan fund via Housing Court fine revenue to provide lending for correction of code violations. This new fund is targeted to properties prosecuted or violated for code deficiencies with a demonstrated financial hardship.

Livability

People want to live in Providence even if they do not work here. Post-pandemic, remote work or hybrid work has further attracted professionals to Providence. Residential development in areas such as Downtown builds upon our historic housing stock, making Providence a desirable place to live.

Low Income Housing Tax Credit Program

The most significant source for affordable housing development in Rhode Island remains the Low-Income Housing Tax Credit (LIHTC) Program, a federal program created by the Tax Reform Act of 1986 as an alternative method of funding housing for low- and moderate-income households which has been in operation since 1987. Rhode Island receives the small state allocation, which is approximately \$3M in “9%” LIHTCs. These tax credits are used to leverage private capital into new construction or acquisition and rehabilitation of affordable housing. In Providence, LIHTCs are used to create and preserve rental housing in many neighborhoods.

In 2023, the State of Rhode Island also introduced a pilot “State Low Income Housing Tax Credit,” which will provide up to \$30M in tax credits to qualified projects per year.

The City will continue to target its gap financing to many projects that leverage these state and federal credits.

Objectives and Strategies

OBJECTIVE H1: IMPROVE & PRESERVE EXISTING HOUSING

Revitalize, modernize, and preserve Providence's housing stock.

Strategies:

- A. Encourage the retention and revitalization of the existing housing stock and discourage the demolition of housing units.
- B. Strictly enforce property maintenance codes and encourage housing rehabilitation by providing funds for repairs to existing structures.
- C. Enhance and expand housing improvement loan and grant funds available for critical safety repairs and correction of code deficiencies.
- D. Use the Lead Safe Providence Program to provide low-barrier, no-cost lending for lead-based paint hazard mitigation and provide other health and safety upgrades to eligible Providence rental properties throughout the City's neighborhoods.
- E. Use techniques such as land banking, land assemblage and strategic acquisition by the Providence Redevelopment Agency to develop affordable and mixed-income housing while revitalizing residential structures and blighted areas.
- F. Increase environmental enforcement of vacant and blighted lots.
- G. Utilize the Providence Housing Trust Fund and HUD entitlement grants to preserve properties with expiring affordability covenants, and to acquire and deed-restrict naturally occurring affordable housing.
- H. Pair assistance types cited above with rental restrictions to discourage displacement.
- I. Expand knowledge of, access to, and investment in energy efficiency and weatherization programs that aim to both decarbonize buildings and lower energy costs for low-income residents.

OBJECTIVE H2: PRODUCE NEW HOUSING FOR ALL

Support the creation of new ownership and rental housing citywide at all price points.

Strategies:

- A. Provide for diversity in the type, density and location of housing within the city to provide an adequate supply of safe, sanitary housing at price levels appropriate to the financial capabilities of all city residents.
- B. Promote a diverse housing market to meet increasingly specialized housing requirements including elderly, disabled, and student population.
- C. Encourage and develop home ownership and rental opportunities for all income groups.
- D. Encourage the development of housing in rehabilitated older commercial buildings and in new structures. High-quality adaptive reuse of mills and offices offer opportunity for revitalization.
- E. Encourage the development of housing opportunities for artists and craftspeople in old commercial and industrial buildings that enable artists to live and work in the unit.
- F. Enable and encourage the development of accessory dwelling units and "missing middle" housing types that have the potential to increase residential density and add units, while preserving neighborhood character and design standards.

- G. Encourage the development of housing on existing and potential transit corridors.
- H. Focus on the rehabilitation of foreclosed and/or blighted multi-family houses for affordable owner-occupied rental housing or CBO-owned rental housing.
- I. Encourage the development of housing for residents at all points of the income spectrum, low, moderate and high.
- J. Encourage and support equal access to housing throughout the city for all people regardless of race, color, sex, marital status, sexual orientation, religion, national origin, or physical or mental ability.
- K. Work with Rhode Island Housing and Department of Housing to preserve affordable housing throughout the city.
- L. Work with Providence Housing Authority to modernize and redevelop public housing assets with the goal of preserving and expanding the number of long-term low-income and affordable housing units.
- M. Continue to support programs that encourage developers to build housing that is affordable to all, including by evaluating the market feasibility of inclusionary zoning.
- N. Develop a process to streamline the permitting process for developers of affordable and workforce housing.
- O. Support for-profit and non-profit organizations and encourage their collaboration for the active development of affordable housing.
- P. Develop programs and regulations to increase the development of affordable housing throughout the city, particularly in neighborhoods identified as having limited housing choice.
- Q. Require colleges and universities to develop plans for additional on-campus student housing.
- R. Continue to study and implement best practices in anti-displacement strategies and work with residents and neighborhood organizations to address concerns about resident displacement.
- S. Ensure processes related to tax stabilization agreements and other tax incentives are clear, predictable and designed to incentivize development at all price levels.

OBJECTIVE H3: SPECIAL NEEDS HOUSING

Promote the maintenance and development of supportive housing and facilities to ensure that all residents with special needs have access to safe and affordable housing in all neighborhoods.

Strategies:

- A. Encourage programs that will increase the supply of accessible housing in the City.
- B. Expand or partner with programs that allow elderly homeowners who wish to age in place to modify their homes.
- C. Work with the owners of subsidized elderly housing complexes to maintain the buildings as affordable housing for the City's elderly residents.
- D. Encourage and support the rehabilitation of housing units to make them accessible.
- E. Provide incentives to developers to encourage the construction of accessible housing units. Encourage and preference those projects applying for Providence Housing Trust or other city subsidies which utilize universal design.
- F. Encourage and support the creation of permanent supportive housing for persons with special needs.
- G. Encourage the development of programs that will assist the homeless in acquiring permanent residences.

- H. Support the continued operation of emergency shelters including by enacting land use and zoning changes that allow emergency shelters, transitional shelters, and special needs facilities of appropriate size by right in residential and mixed-use areas.
- I. Support agencies that provide housing and supportive services to homeless persons and families.

OBJECTIVE H4: HOUSING DESIGN

Promote high quality residential design throughout the City.

Strategies:

- A. Encourage energy-efficient residential design and construction through the use of LEED, Energy Star and other green building standards.
- B. Encourage the decarbonization of residential buildings through best practice regulations and initiatives including expanding energy efficiency programs, encouraging heat pumps, requiring energy performance disclosures, and discouraging gas hookups in new construction, with emphasis on programs that prioritize investment in disadvantaged communities.
- C. Prepare for more frequent extreme weather events by studying and implementing best practice resilient housing design standards and stormwater management practices (e.g. increased permeable surfaces) that address conditions including sea-level rise, riverine and nuisance flooding, and extreme heat.
- D. Create design standards for quality residential construction complementary to the character and qualities of Providence’s historic neighborhoods.
- E. Refine regulations for quality residential site design.
- F. Develop a pattern book of pre-approved residential designs and plan sets based on Providence's vernacular architecture, including of two, three, and multi-family dwelling types, “missing middle” housing types, and accessory dwelling units.
- G. Determine appropriate residential densities to accommodate growth in areas of change, while valuing the preservation of local communities and their built character.

OBJECTIVE H5: HOUSING AND TRANSIT

Promote the integration of housing and transit services.

Strategies:

- A. Amend the zoning ordinance to create nodes to focus medium density and high-density development, including institutions, in transit-oriented development areas along current and future high use transit lines, in line with the State’s Transit Forward 2040 Plan.
- B. Work with RIPTA and developers to promote transit-oriented development as a tool for growth in housing and as an economic development.
- C. Place new residential developments at locations that increase potential ridership on the transit system and support Providence as the region’s employment and cultural center.
- D. Work with RIPTA to locate transit-oriented development nodes near amenities like parks, schools, job centers, and grocery stores to maximize the benefits of the public’s investments to as many households as possible.

OBJECTIVE H6: HOUSING AND THE REGION

Work with the state and other local governments to address housing needs in Providence and throughout the state.

Strategies:

- A. Encourage the state to develop special needs and affordable housing in other communities and enforce other municipalities' compliance with the Low-Moderate Income Housing Act.
- B. Encourage the state to continue to create new, dedicated funding sources (such as the State Housing Tax Credit Program launched in 2024) for housing development; with a dedicated percentage of the funds set aside for Providence and other urban core communities.
- C. Encourage the state to reinstate the state Historic Tax Credit Program to facilitate further preservation and redevelopment in Providence.
- D. Encourage the state to facilitate development within growth areas through targeted financial incentives and zoning requirements.