



FEATURE STORIES

The Little Study That Could

Woonsocket NDC Housing Study Documents Rhode Island Crisis

BY ERIC HANGEN



A successful Woonsocket homeowner. COURTESY WOONSOCKET NDC

It was the summer of 2003, and Joe Garlick wasn't happy.

The veteran executive director of **Woonsocket Neighborhood Development Corporation** (WNDC) had heard that Rhode Island lawmakers would be revisiting – and potentially gutting – the state's affordable housing legislation.

The "10% law," as it was commonly known, mandated that every municipality in Rhode Island plan for 10 percent of its housing stock to provide long-term, affordable housing to low- and moderate-income people. If towns

did not meet the 10 percent goal and couldn't show that they were taking proactive steps to change that, a developer could obtain expedited permitting from the state to build developments that included new affordable housing.

Nonprofits had been using the law to get important new projects built since 1991, but in 2001 the law was expanded to allow for-profit developers to take advantage of the expedited permitting process as well. Town officials were upset by developers adding the bare minimum of affordable housing in order to force approval of projects that might otherwise have been denied. They were pushing their legislators for relief.

Garlick understood the concerns.

"In the uproar, though," he says, "no one seemed to be paying attention to the core issue: How were we going to meet our affordable housing needs, or even what they were. I had been to far too many meetings where even the minimum 10 percent goal was now being called into question."

Garlick knew from what he saw on the ground that even the 10 percent affordable housing goal wasn't enough. For starters, of all the towns in Rhode Island, only a few older, urban centers had met the goal. But the need seemed to be greater than even what a 10 percent setaside could provide.

WNDC's apartment buildings had long waiting lists. Graduates of WNDC's homeownership programs were reporting it was harder and harder to find a home in their price range. Other nonprofits were seeing similar signs of distress – and despite that, the overall pace of development in the state was glacial. From 2000 to 2002, the entire state added only about 800 units of housing (both market-rate and affordable) a year.

Part of the difficulty, according to Colin Kane of Peregrine Group, a for-profit developer of affordable housing in Rhode Island, stems from a double standard in local permitting practices.

"When you go to a suburban Rhode Island community and tell them you're looking to build a commercial

project,” Kane says, “they ask you, ‘How can we help you to build the infrastructure you need? What tax incentives can we give you?’”

But, he says, “When you go to the same town and tell them you’re looking to build affordable housing, they tell you ‘Sorry, we don’t have the infrastructure or land capacity to support new development.’” The heavy reliance of local governments in Rhode Island on property taxes is a big part of why commercial development is so much more attractive.

WNDC and other allies in the community development industry, including the Rhode Island Housing Network, the state trade association of community development corporations (CDCs), banded together to advocate for preserving the 10 percent rule.

Linking Jobs and Housing

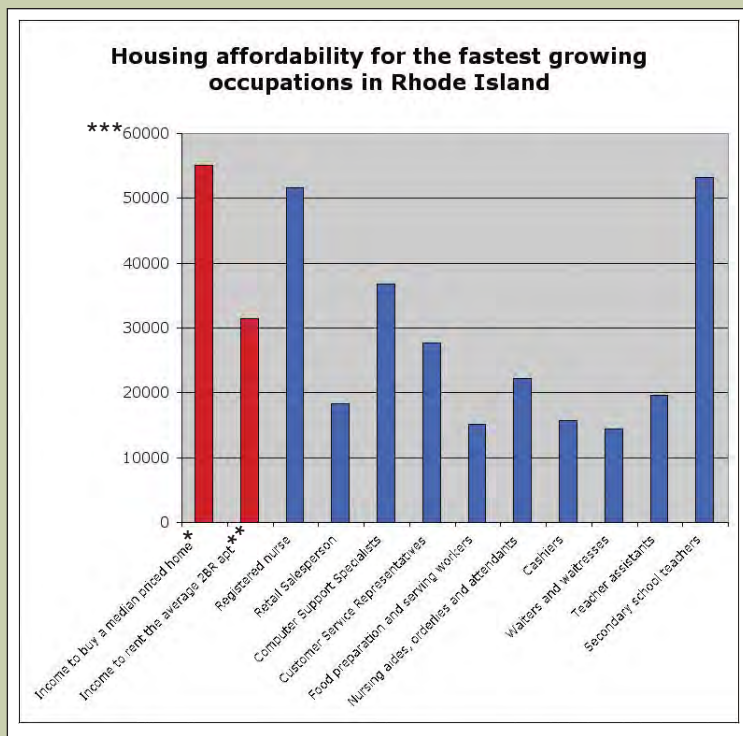
But Garlick also wanted to get people focused on the big picture – that Rhode Island needed much more affordable housing, and that without it, the state’s economy might grind to a halt.

The idea grew out of Garlick’s participation in the NeighborWorks® Advanced Practitioner Program at Harvard. He approached Owen Heleen, a program officer at the Rhode Island Foundation, and Nondas Hurst Voll at the Fund for Community Progress. Garlick had a plan.

WNDC would work to organize a broad coalition to educate local and state decision-makers about the need for affordable housing in the state, and advocate for policies and projects that would help meet the need. The coalition would focus on WNDC’s core service area in northern Rhode Island, but the work also would have a statewide impact.

A key element of the strategy would be an affordable housing needs assessment that asked the fundamental question: How much affordable housing should Rhode Island build – and where is it most needed?

Moreover, Garlick wanted the study to explore in-depth the links between the state’s affordable housing crisis and its economic future. He wanted to see if a broader appeal



could be made for increasing housing production.

The Rhode Island Foundation and the Fund for Community Progress agreed to invest \$68,000, including money to hire a community organizer to develop the Northern Rhode Island Affordable Homes ACTION coalition.

“Everything Joe Garlick and WNDC have done has impressed us,” said Ron Gallo, president and CEO of the Rhode Island Foundation. “Given that we have been without

good enough statistics or communication on the nature and extent of our housing needs here in Rhode Island, having Joe undertake this project was an unbeatable combination.”

To do the study, WNDC hired me, as a principal of I Squared Community Development Consulting Inc. The study pulled from a broad range of data, including state employment and wage data, Census and American Communities Survey data, population and employment projections, and state data on building permits, housing stock, rents and home prices. I Squared also worked with WNDC to develop an employer survey that WNDC then distributed to the membership of the Northern Rhode Island Chamber of Commerce.

The result was a 98-page report, *Affordable Housing for Rhode Island: Goals for Cities, Towns and Regions to Build Their Economy, Help Their Neaviest Neighbors, Support Their Workforce & Grow Smart*.

Documenting a Crisis

The study confirmed – in dramatic fashion – what Garlick suspected. Rhode Island is in the midst of a deep, affordable-housing crisis. Some 50,000 Rhode Islanders are paying more than half their income on housing costs, the product of house prices and rents that have been growing more than four times faster than income. Some 175,000 households did not earn enough to afford the average, advertised rent on a two-bedroom apartment in 2003.

Surprisingly, the study also found that the housing crisis

was not limited to the very poor. Workers in a wide variety of occupations – ranging from sales clerks and customer service representatives to home health care aides and even some manufacturing workers – do not earn enough to afford the average-priced apartment, let alone the median-priced home, in the state.

Without significant new production to alter the course of the market, the study concluded, the crisis would only worsen.

While the state projected that 50,000 new jobs would be created by 2010, the study found that only half would pay enough to afford housing on that salary alone. By plotting housing-market growth scenarios against economic projections, the study found that the number of households unable to afford the average advertised rent on a two-bedroom apartment was likely to grow to well over 200,000 by 2010 – a majority of the households in the state.

In response, the study called for constructing 37,000 new housing units by 2010, at least half of which should be affordable, and other measures (such as acquiring and redeveloping existing housing units) to help an additional 50,000 households escape the grip of their “worst needs” situations.

Should no action be taken, WNDC’s employer survey suggests significant economic consequences for the state. Some 78 percent of employers believed rising housing costs would negatively impact their business and their employees, and 10 percent already are considering relocating due to the state’s high housing costs.

WNDC was able to use preliminary results from the study to help secure passage of new affordable housing legislation, replacing the old “10% law.” The new legislation requires each town to create an affordable housing plan that responds to its affordable housing needs and submit it to the state for review.

A positive aspect of the new legislation is that it maintains provisions for developers to receive an expedited permitting process, if a town either has not prepared an appropriate plan or is not living up to the plan.

One uncertain aspect of the legislation is whether towns – and the state – will move to set aggressive goals for affordable housing. This is where the study promises to make its biggest impact.

Shifting the Debate

“People are really starting to realize that building affordable housing doesn’t mean they’ll be overrun with undesirable neighbors,” says Margaux Morisseau, the director of Northern Rhode Island Affordable Homes ACTION. “We’re talking about people who are fundamental to the economic life of their community.”

WNDC timed the release of the full study just after



A new community center sprouts from a once-notorious bar. COURTESY WOONSOCKET NDC

passage of the legislation, and grabbed front-page headlines in regional newspapers such as the *Providence Journal*. “Most R.I. jobs don’t pay enough to provide housing,” one *Journal* headline read.

“By proposing statewide and town-by-town goals for affordable housing production that are based on a solid review of the facts,” says Garlick, “the study has made it much harder for policymakers to ignore the problem.”

Brenda Clement, the executive director of the Rhode Island Housing Network, agrees. The study has “shifted the affordable housing debate away from 10% and toward what we have to do to meet the real needs out there,” Clement says.

As evidence of this shift, discussion at a recent meeting of statewide stakeholders convened by the Rhode Island Foundation focused on a next-generation study. It would come up with specific recommendations on the land use planning practices and policies, fiscal policies, financial incentives, and organizational structures needed to increase affordable housing production in Rhode Island. So stay tuned! ■

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A PDF copy of Affordable Housing for Rhode Island is available at Rhode Island’s ‘HousingWorks!’ Web site at www.housingworksri.com. Look in the ‘Housing Facts’ section for ‘Housing Goals for RI Cities and Towns,’ or e-mail Margaux Morisseau at mmorisseau@wndc.org.

*Assumes 6%, 30-year mortgage with a .33 front-end ratio and taxes and insurance of 2% per year; median-priced home of \$197,814 per Warren Group data for 2002.

**Uses average advertised rent of two-bedroom apartments statewide, per the 2002 RI Housing Rent Survey.

***Income data from 2002 USDOL Occupational Employment Statistics. The fastest-growing occupations were selected based on RIDOL job growth projections for 2002-2010.



Want to Do a Housing Study? Six Tips for Success.

Look at the question from the vantage point of your audience. In part, the Rhode Island study has grabbed the attention of decision makers both because it demonstrated that the affordable housing crisis affected more than just the very poor, and also because it clearly linked housing to economic development, a policy priority of the governor. The study also gave policymakers hard facts to work from, rather than anecdotes and insinuation.

Make sure your methodology is sound. Make sure you understand who produced the data you are using and what their limitations are. Explain your methodology carefully, and note any assumptions you are making. For instance, if you are measuring vacancy rates, have you adjusted for vacancies in the seasonal housing stock? Are the economic projections you are using conservative or optimistic regarding the future distribution of household incomes? When in doubt, hire a consultant or partner with researchers at local universities.

Don't overstate your case. It is always possible to find a new take on the numbers to make your case sound even more dramatic. However, you risk undermining the credibility of your study if you only offer the most extreme interpretation of the data. The WNDC study looked

at what might happen if home prices continued to grow at the exponential rate experienced over the past three years, but it also considered that prices might flatten and grow commensurate with income. Be open to the possibility that the data do not support your initial suppositions, and that they may be suggesting a different course of action.

Weave your data into a story. Synthesize data from different sources to figure out what the main themes are to your story, and organize your report around those themes. No one will read a study that is just a dry recitation of the data.

Integrate your study with a communications and advocacy strategy. WNDC worked hard to build alliances and networks well before the study even began. Relying on advice from astute political observers, it timed the release of the study for maximum impact. It now has the attention of policymakers as well as a rich set of relationships with which to advocate an aggressive policy agenda.

Be ready to act on the opportunities you create. WNDC is following up quickly on the interest in the study to push for approvals of important housing projects and spur more forward-thinking planning at the state and local levels. ■