

State of Rhode Island PRO Housing Draft Grant Proposal

[The Pathways to Removing Obstacles \(PRO Housing\)](#) NOFO is a competitive grant program administered by HUD that seeks to remove barriers to affordable housing production and preservation.

Rhode Island faces many barriers to housing production and has a history of low investment in housing development. The State has made several large investments to change this pattern and break barriers to housing development. In the past two years, the State of Rhode Island has:

- created a State Department of Housing,
- authorized the establishment of a quasi-governmental Proactive Development Entity to advance the development of housing and affordable housing in the State.
- invested 28% of the State's ARPA funds (\$321.5MM) in programs to develop housing and reduce homelessness, including:
 - Site Acquisition,
 - Predevelopment funding to expand developer capacity,
 - Construction of new affordable housing,
 - Preservation of existing affordable housing,
 - Infrastructure development that will open land to housing development, and
 - Technical Assistance to Municipalities and Public Housing Authorities.
- Signed a number of bills into law to make it easier to develop housing and provide the state and municipalities with more tools to increase housing production, including bills to:
 - reposition two commissions to study barriers to housing development and how to address them,
 - streamline the municipal review process for comprehensive permits and reduce steps in the zoning and planning review process,
 - require all municipalities to have E-permitting procedures established for every step in the building/development process,
 - streamline the approval process for developers proposing to build affordable housing utilizing the comprehensive permit process,
 - streamline the process for approving accessory dwelling units (ADUs) and prohibit municipalities from imposing burdensome requirements on property owners seeking to create ADUs,
 - establish a land use court to speed up the processing of land use matters,
 - prohibit source of income discrimination against tenants,
 - create a transit-oriented development pilot program, and
 - facilitate the adaptive reuse of commercial buildings for housing.

Previous studies / commissions have found that Rhode Island's barriers to development are many, and the barriers that we seek to remove using this HUD PRO Grant include:

- Barrier: Zoning Regulations and Inconsistencies in Standards:
Municipal zoning and land use regulations are inconsistent across the state. These regulations can make the development of affordable housing more unpredictable and challenging due to a variety of reasons including differing density limits, minimum lot sizes,

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or restrictions on the type of housing that can be built in certain areas. These zoning and land use regulations can also lead to lengthy approval processes that increase the costs and development time of a project. Certain municipalities are more attractive to developers than others due to their zoning and land use regulations.

- Barrier: High Construction and Land Acquisition Costs:
Increasing construction costs and land acquisition prices can make it financially challenging to develop affordable housing. When faced with these increasing costs, it becomes less financially viable for developers to dedicate units to low- and moderate-income individuals and families.
- Barrier: Public Perception / Developer Disinterest:
Local residents and communities sometimes can develop misconceptions about the merits or challenges of new housing development (whether generic or specific to a given plan), especially preventing the advancement of affordable housing proposals. This often happens due to a lack of understanding of the potential net benefits for property values, the local tax base, and the potential methods of mitigating impacts such as traffic and school expense. In the absence of data-based analysis and constructive dialogue, this can result in affordable housing not being built. This situation can also lead to developer disinterest in investing time and money to try and develop housing including affordable housing in these localities.

The State of Rhode Island is choosing to focus our proposal on the barriers above in two counties – Bristol County and Washington County, both priority geographies that have an acute need for housing. We will pilot opportunities to remove barriers to housing development in these two Counties that can be replicated across the State of Rhode Island.

The State of Rhode Island is requesting \$9.3M in funds from the HUD Pathways to Removing Obstacles (PRO) Program:

- \$2,750,000 to expand Rhode Island’s Health Equity Zone (HEZ) Housing Program to Bristol and Washington Counties, a grassroots training program intended to gain support for the development of housing, including multi-family housing and supportive housing.
- \$880,000 to provide expert support for the Special House Commission on Land Use (and related commissions, Housing Department staff, and local officials) in their work on statewide zoning and building permit reform. These experts would:
 - recommend best practices in zoning and
 - create a land use and housing design “toolkit” that can be used by stakeholders to mediate local concern about the impact of new housing in their community.
- \$5,675,000 to jump start development in Washington and Bristol Counties by providing targeted assistance to developers:
 - \$4M to acquire or secure land that is instrumental to developing housing in Washington and Bristol Counties;
 - \$1.5M to support the predevelopment costs that developers must spend to build affordable housing

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