RIHousing

State of the State’s Housing Infrastructure

September 17, 2018
Panel

Moderator
Barbara Fields, RIHousing

Panel
Brenda Clement – HousingWorks RI
Dave Caldwell – Rhode Island Builders Association
Joe Garlick – NeighborWorks Blackstone River Valley
State Representative K. Joseph Shekarchi, House Majority Leader – District 23, Warwick
About HousingWorks RI at RWU

• Founded in 2004, integrated into Roger Williams University in 2014

• Conduct research and analyze data related to housing affordability in Rhode Island

• Connect the dots between housing affordability and economic development, outcomes in health and education
House Prices Are Rising Again

- Single Family home price increased 17% from Year End 2016 to Q2-2018
- Multifamily home price increased 32% in the same period
- $280K SF home price is affordable to an income of $83,758—the state’s median household income is $58,387
Rents have increased 18% since 2012, and 8% from 2016 to 2017.

The 2017 2-bedroom rent of $1,385 is affordable to an income of $55,400—the state’s median renter income is $31,519.
Cost Burdens Are Widespread

- In total, across all income categories, more than 145,000 Rhode Island households, or 35%, spend more than 30 percent of their income on housing costs.
And Our Housing Stock Is Old

- 75% of Rhode Island’s housing stock was built prior to 1980.
- Tied for third with Massachusetts as having the oldest housing stock in the country.
- All houses built before 1978 are likely to contain some lead-based paint.
Regional Analysis for Solutions?

• Builds on our existing infrastructure and historic villages.
• Maintains our urban / suburban / rural balance.
• Must still meet local housing needs.
Not Building Enough Multifamily Homes

- HWRI’s Projecting Future Housing Needs Report, commissioned by RIHousing, projected the need for at least 32,000 Multifamily homes (units) and nearly 5,000 SF homes by 2025.
- In 2017, Rhode Island municipalities authorized permits for only 172 multifamily homes (units) and 981 single-family homes.
By 2025, the statewide number of households is projected to increase by 12 to 13 percent and household size is projected to decline.

With the population aging and birthrates declining, Rhode Island will see a growing number of single-person households, resulting in a downward trend in average household size.
Building for Older Adults

All regions are projected to experience increases in households headed by a householder 65+; most of which will occur in suburban and rural areas.

Providence and South RI are the only two regions where there will be substantial increase in households aged 25-44.
Policy Recommendations

1. Increase investment in the development and preservation of homes affordable to working Rhode Islanders and those with special housing needs.
2. Make it easier to build the homes that are needed.
3. Make existing housing more affordable.
4. Develop a long-term strategy for meeting the State’s housing needs.
LEARN MORE!

On the web...

- www.HousingWorksRI.org
- Facebook.com/HousingWorksRI
- Twitter @hwri

Email...

- info@housingworksri.org

Telephone...

- 401.276.4806
Barriers Facing Builders

Dave Caldwell, RIBA President
THE NEGATIVE CYCLE OF DISCOURAGED FAMILY HOUSING

- Increased Average Cost to Educate Kids
- Family Housing Discouraged
- Decreased Family Population
ENROLLMENT AND EXPENDITURE PER PUPIL, RHODE ISLAND, 1995-2011

- Enrollment in RI Public Schools
- Expenditure per Pupil


Enrollment Trends:
- 1995: 130,000
- 2000: 140,000
- 2001: 150,000
- 2002: 155,000
- 2003: 160,000
- 2004: 165,000
- 2005: 150,000
- 2006: 140,000
- 2007: 130,000
- 2008: 120,000
- 2010: 110,000
- 2011: 100,000

Expenditure per Pupil Trends:
- 1995: $8,000
- 2000: $9,000
- 2001: $10,000
- 2002: $11,000
- 2003: $12,000
- 2004: $13,000
- 2005: $14,000
- 2006: $15,000
- 2007: $16,000
- 2008: $15,000
- 2010: $14,000
- 2011: $13,000
Custom Home Market Share
New Single-Family Homes Started in 2013

Source: 2013 Survey of Construction, NAHB Estimates
Median Lot Price
New Single-Family Spec Homes Started in 2013

- PACIFIC $51K
- MOUNTAIN $48K
- UNITED STATES $40K
- WEST NORTH CENTRAL $39K
- EAST NORTH CENTRAL $45K
- WEST SOUTH CENTRAL $33K
- EAST SOUTH CENTRAL $30K
- SOUTH ATLANTIC $35K
- MIDDLE ATLANTIC $72K
- NEW ENGLAND $100K

Source: 2013 Survey of Construction, NAHB Estimates
Median Lot Size
New Single-Family Spec Homes Started in 2013

- PACIFIC: 0.14 acres
- MOUNTAIN: 0.17 acres
- UNITED STATES: 0.2 acres
- WEST NORTH CENTRAL: 0.22 acres
- EAST NORTH CENTRAL: 0.26 acres
- WEST SOUTH CENTRAL: 0.16 acres
- EAST SOUTH CENTRAL: 1/3 acre
- SOUTH ATLANTIC: 0.23 acres
- MIDDLE ATLANTIC: 0.21 acres
- NEW ENGLAND: 0.52 acres

Source: 2013 Survey of Construction, NAHB Estimates
What’s worse, the study also revealed that the cost of regulation in the final price of a new home is rising more than twice as fast as the average American’s ability to pay for it.

Three-fifths of the regulatory costs – or 14.6% of the final house price – result from a higher price for a finished lot caused by regulations imposed during the lot’s development. The other two-fifths – equal to 9.7% of the house price – are the result of regulatory compliance costs incurred by the builder after purchasing the finished lot.

Total regulatory costs for an average single-family home went from $65,224 in 2011 to $84,671 in 2016 – a 29.8% increase.

By comparison, disposable income per capita over the same five-year span increased by 14.4%. In other words, the cost of regulation in the price of a new home is rising more than twice as fast as the average American’s ability to pay for it.

Regulations come in many forms and can be imposed by all levels of government. At the local level, jurisdictions may charge permit, hook-up, and impact fees and establish development and construction standards that affect costs. Statewide building codes and environmental requirements also add to the costs.

The federal government can also affect the price of a home – for example, by requiring permits for stormwater discharge on construction sites, which may lead to expensive delays in addition to the hard cost of filing for a permit. Most important, the federal government’s stance on regulations sets the tone for developing and enforcing them. This has a significant impact on the business environment, especially for owners of small businesses, which are disproportionately affected by regulations imposed by all levels of government.
### Metro areas with the longest permitting times

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Home price increase, 1996-2016</th>
<th>Housing units added, 1996-2016</th>
<th>Avg. months for residential permit approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Island, N.Y.</td>
<td>124.5%</td>
<td>8.5%</td>
<td>11.5</td>
</tr>
<tr>
<td>New York</td>
<td>176.9%</td>
<td>10.9%</td>
<td>11.4</td>
</tr>
<tr>
<td>Providence, R.I.</td>
<td>92.1%</td>
<td>8.5%</td>
<td>11.0</td>
</tr>
<tr>
<td>Oakland, Calif.</td>
<td>220.6%</td>
<td>17.1%</td>
<td>10.6</td>
</tr>
<tr>
<td>San Francisco</td>
<td>278.8%</td>
<td>12.3%</td>
<td>10.2</td>
</tr>
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</table>

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<tr>
<td>Houston</td>
<td>124.7%</td>
<td>54.0%</td>
<td>2.9</td>
</tr>
<tr>
<td>Charlotte, N.C.</td>
<td>72.3%</td>
<td>60.9%</td>
<td>3.3</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>106.1%</td>
<td>25.7%</td>
<td>3.8</td>
</tr>
<tr>
<td>San Antonio</td>
<td>107.2%</td>
<td>46.1%</td>
<td>3.9</td>
</tr>
<tr>
<td>Jacksonville, Fla.</td>
<td>107.3%</td>
<td>43.1%</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Note: Data reflect fastest and slowest permitting times among 50 most populous metro areas.

Source: Trulia

THE WALL STREET JOURNAL.
Partnering with Municipalities Urban, Suburban and Rural Development

Joe Garlick
Executive Director
URBAN - WOONSOCKET
SUBURBAN – NORTH SMITHFIELD
Another good shot of Meadows

SUBURBAN – NORTH SMITHFIELD
Representative K. Joseph Shekarchi
House Majority Leader

District 23 – Warwick
Removing Barriers to Housing Development – Legislative Solutions

- Wetlands
- Standardized Permit Fees
- Streamlining
- Eliminating Delays
Connection Between Housing and Transportation

- Housing should be convenient for multiple transportation options – to get to jobs, shopping, errands, recreation, schools, etc.
- Economic benefit
- Environmentally friendly
- Health improvements
- High cost of car transportation – car payments, insurance, gas
- Less time stuck in traffic/easing congestion

Example: Connecting housing to jobs and boosting the economy via better rail service, leading to increased ridership
The Rhode Island Solution: Better Connect Housing and Transportation

Better Commuter Rail Service in Rhode Island:

Connect housing to jobs and boosting the economy via better rail service, leading to increased ridership
• More trains, more frequency, more convenience
• Add non-rush trains during off-peak hours

Intra-state train option:
Connecticut’s ShoreLine East – a model for Rhode Island
• Regular convenient service → increase in riders annually → continuously adding services
• Connect RI based intra-state service to Boston via MBTA
• Bus Infrastructure
• Bike lanes and walkable neighborhoods
• Invest where the housing is or will be
Opportunity: Transit Oriented Development

- T.F. Green Train Station & Warwick City Centre
- Pawtucket-Central Falls Train Station & Conant Thread District
The Rhode Island Solution:
Better Connect Housing and Transportation

GREATER HOUSING INVESTMENT NEEDED:

- Increased financial investment
- Continue to address barriers
- Incentivize development near transit hubs
Q & A