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Michael A. Clement
CLERK

PROVIDENCE HOUSING POLICY REPORT



MAYOR VINCENT A. CIANCI, JR.

City Hall

Providence, Rhode Island

Presented by:
The Providence Plan
and
Barbara Sokoloff Associates

Funded by:
Providence Dept. of Planning & Development
Providence Housing Authority
Providence Plan Housing Corporation
Rhode Island Housing

February 1997



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February 28, 1997

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State Senator
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The Honorable Vincent A. Cianci, Jr.
Mayor of Providence
City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mayor Cianci:

We are pleased to submit to you the Providence Housing Policy Report. As you requested, The Providence Plan, with assistance from the Providence-based consulting firm of Barbara Sokoloff Associates, led a thorough investigation of the current housing environment in Providence to determine how the City should direct its housing resources through effective policies and programs.

The recommendations presented within this report were shaped in large part through nearly six months of discussions with the Housing Policy Working Group, a diverse body of representatives from public agencies, advocacy groups, community development corporations, private non-profit organizations, funders, the City Council, and the community. A great deal of additional public input was incorporated into the process through interviews with over forty individuals who work in housing-related fields and eight focus group discussions with representatives from the private and non-profit real estate industry, housing consumers, providers of elderly and special needs housing, neighborhood associations, and minority contractors. The strength of this report lies in the collaborative process undertaken by all of the people who contributed to it.

The recommended policies, programs and changes to the delivery system strive to bring about neighborhood stabilization and revitalization while providing a diversity of housing opportunities. We hope that you will accept these recommendations and use them as a guide to affect positive change in Providence.

Sincerely,

Patrick McGuigan
Executive Director
The Providence Plan

Barbara Sokoloff
President
Barbara Sokoloff Associates, Inc.



Providence Housing Policy Report

Presented to Mayor Vincent A. Cianci, Jr.
February 1997

The presenters of this report gratefully acknowledge the hard work and insight contributed by the members of the Housing Policy Working Group who helped shape the contents of this report. Credit is also due to those who offered their time and ideas through focus group discussions and interviews. Finally, this report and the positive changes to come from it would not have been possible without the funding provided by The Department of Planning and Development, The Providence Housing Authority, The Providence Plan Housing Corporation, and Rhode Island Housing.

Presented By:

The Providence Plan
Barbara Sokoloff Associates, Inc.

Providence Housing Policy Report

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EXECUTIVE SUMMARY

Strong, effective housing policies and programs are essential to the revitalization and stabilization of our neighborhoods and to the overall health of our city. Providence must be viewed as the sum of its parts; declining neighborhoods can have a negative impact on those areas of the city that are currently considered stable. The participants in the housing policy review determined that the City must approach its housing policies and programs as means of stabilizing neighborhoods. If the City's housing programs do not result in stronger neighborhoods while serving the housing needs of the city's residents and meeting fair housing objectives, then they should not be continued.

ASSETS AND CHALLENGES

Providence has a solid foundation upon which it can continue to build a strong, healthy, and attractive city. In fact, our city already has many of the physical and cultural characteristics that planners are trying to recreate elsewhere. Providence has an attractive, diverse, and accessible urban environment that has great potential to retain current residents and continue to draw a diverse population to the city.

In the housing sector, the City is fortunate to have highly regarded housing programs, a network of non-profit housing organizations with the potential to impact many of the city's neighborhoods, a strong and innovative state housing finance agency, skilled and dedicated experts in the housing field, and, under the initiative of Mayor Vincent Cianci and with the support of the City Council, a recent major investment in housing.

Yet, Providence's housing environment is not without its challenges, including diminishing public resources, an aging and deteriorated housing stock, abandonment, the effects of absentee ownership and speculative real estate development, housing cost burdens for many residents, inefficiencies in the housing delivery system, the need to expand local economic opportunities through housing activity, problems in portions of the subsidized housing sector, providing housing for special needs populations, and continuing the progress that has been made by the City in recent years. Additionally, there is the challenge of meeting the needs of the city's changing population. The recommendations to address these challenges build on the existing assets and strengths of the city of Providence. Both assets and challenges are discussed at length in the full Housing Policy Report.

ISSUES

The Providence housing policy analysis was a six month investigation and reassessment of the housing environment in Providence led by The Providence Plan and a Working Group of City, State, and Federal housing and planning agencies; non-profit organizations; and community members. This team received significant input through focus group discussions and interviews. Together, the participants uncovered assets and challenges, set an overall goal for the City's housing policy, identified several objectives to be met in reaching that goal, and made recommendations for key housing policies and programs, all of which are discussed in greater detail in the full report. The major issues identified by the Working Group are presented below,

and specific strategies to address these issues are summarized in the next section of this Executive Summary. The issues are:

- Housing revitalization and stabilization must be set in a neighborhood context.
- Homeownership must be increased throughout the city, especially in those neighborhoods below the citywide owner-occupancy rate.
- There is a need to help existing homeowners remain in and maintain their homes.
- Rental housing must be preserved and maintained.
- The condition of much of the housing stock needs upgrading.
- Vacant and abandoned properties continue to be a blighting influence.
- Code enforcement is critical to revitalization efforts.
- Demand for housing for the elderly and persons with special needs persists.

Issues that relate specifically to the implementation of housing policies and programs include:

- The delivery system, i.e. the system that produces housing and delivers housing resources and programs, lacks coordination, effectiveness and efficiency.
- Funds for housing delivery are diminishing, are not linked to performance, and are not allocated in a targeted, coordinated, and predictable way.

GOAL

A review of these issues led the Housing Policy Working Group to conclude that the goal of Providence's Housing Policy should be to:

Create an environment that strives for neighborhood stabilization and revitalization and provides a diversity of housing opportunities while meeting fair housing objectives. Integral to this goal is a commitment to a process that is community-based, inclusive, and participatory. This is a neighborhood-oriented strategy that recognizes the range of assets and challenges within each of the neighborhoods while simultaneously working to enhance citywide pride and community.

WHAT NEEDS TO BE ACCOMPLISHED:

The many issues that surfaced throughout the process led to a focus on the following strategies that the City should adopt in order to stabilize its neighborhoods. Integrated throughout all of these strategies must be fair housing objectives, recognition of diverse housing needs, and commitments that the City's housing dollars will expand economic opportunities in the communities where they are invested. While the primary outcome of the recommended strategies will be neighborhood stabilization, some of the specific outcomes that these strategies will achieve are: better opportunities for renters, potential buyers, and existing owners; improvement of neglected and abandoned properties; a stronger real estate market; and stronger neighborhood involvement in planning and implementation.

- **Increase Homeownership in Every Neighborhood, Particularly in Areas Below the Citywide Owner-occupancy Rate**

Goal: Assist 200 new owner-occupants per year (approximately 20% of market).

- home purchase assistance program
- employer-assisted housing program
- purchase/rehab program
- citywide marketing campaign

- **Provide Assistance to Existing Owner-occupants**

Goal: Assist 425 existing owner-occupants per year.

- paint program
- home repair program, including lead abatement
- foreclosure prevention
- help elderly residents stay in their homes

- **Take Action Against Vacant and Abandoned Properties**

Goals: Target the 250 worst buildings, based on neighborhood priorities, for rehabilitation and selective demolition as needed.

Identify and improve the remaining abandoned properties on an ongoing basis.

- emphasize rehabilitation but allow for selective demolition with proper planning
- enable each neighborhood to update its own "10 Most Wanted" list on an ongoing basis
- develop plans for rehab and vacant lots with neighborhood residents and organizations, preservationists, building inspection and public safety officials, and developers
- revise tax sale legislation to enable the City to acquire properties more easily
- identify and acquire properties in collaboration with community-based developers and property owners

- **Develop Properties for Homeownership, Through Rehabilitation and Infill Construction**

Goals: Create new opportunities for affordable homeownership in the city's neighborhoods by improving the existing stock and building new units as needed.

Develop 75 units for homeownership and rental per year (combined; see development for rental below).

- develop new homeownership opportunities as the primary means of stabilizing neighborhoods
 - provide gap financing to provide affordable housing
- target the 2- and 3-family stock prevalent throughout the city to help meet the City's goals for both owner-occupancy and improvement of the rental stock

- **Develop Neighborhood-based Rental Housing that Promotes Neighborhood Stabilization**

Goals: Improve living conditions for residents and support neighborhood stabilization efforts by creating high quality, affordable rental housing that is owned and maintained by neighborhood-based organizations, tenant-based organizations, or non-profit developers.

Provide for the elderly, homeless persons, and persons with other special needs.

Develop 75 units for homeownership and rental per year (combined; see development for homeownership above).

Develop an average of 25 to 30 additional units of special needs housing per year.

- improve the quality of life for tenants while improving neighborhood quality
- provide gap financing to provide affordable housing
- provide development grants for special needs housing
- target the 2- and 3-family stock prevalent throughout the city to help meet the City's goals for both owner-occupancy and improvement of the rental stock
- consider options for redevelopment of larger multi-family residential buildings and adaptive reuse of non-residential buildings

- **Preserve Rental Housing that Promotes Neighborhood Stabilization**

- A. Rehabilitate and maintain the existing private rental housing stock

Goals: Improve living conditions for residents and support neighborhood stabilization efforts by maintaining high quality, affordable rental housing.

Improve 65 units of investor-owned rental housing per year (assistance for owner-occupants addressed above).

- address code violations through coordinated, consistent enforcement and prosecution
- address problems associated with delinquent absentee landlords
- include proper lead abatement procedures in rehabilitation plans
- provide rehabilitation assistance only to conscientious absentee landlords

- B. Preserve and rehabilitate public housing and subsidized rental housing (approximately 15% of all housing units in the city)

Goal: Improve living conditions for residents and support neighborhood stabilization efforts by maintaining high quality, public and subsidized rental housing.

- recognize the value of public housing as a vital element of the community
- develop a strategy for affirmative housing programs and enforcement of fair housing laws
- enhance the capacity of tenant groups in preserving publicly assisted housing
- require accountability from Rhode Island Housing, HUD, and private developers, owners and managers of publicly subsidized projects for strict management standards and fair rent levels at these projects
- review strategies for the location of subsidized rental projects to ensure equitable citywide and regional distribution
- require owners to rehabilitate deteriorated properties
- establish policies that prevent developers with a history of poor quality projects from developing additional projects as long as previous problems remain
- ensure the capacity of the Providence Housing Authority to continue its successful rehab program for its housing inventory

- **Increase Neighborhood-based Capacity to Plan and Implement Revitalization Strategies**

- A. Develop neighborhood-based capacity for planning

Goals: Enable priorities to be set from within the neighborhoods.

Direct funding to citywide programs based on neighborhood priorities.

- bring together residents, elected officials, neighborhood-based organizations, and DPD
- make funding decisions for housing and community development based on local priorities within the context of citywide programs
- DPD will continue to have primary responsibility for planning and coordinating citywide implementation

- B. Develop neighborhood-based capacity for housing development and services

Goals: Increase the capacity of neighborhood-based developers to produce affordable housing opportunities for homeownership and neighborhood-based rental.

Increase the number of city residents and small businesses benefiting from public investment in housing.

Increase the capacity of non-profit organizations to provide "urban customer service."

- make funding decisions based on neighborhood business plans and performance standards that recognize housing production and the provision of services

- develop the capacity of neighborhood-based organizations and businesses to implement plans and programs, including housing production, homebuyer education, and marketing
- coordinate efforts with City's homeownership, abandonment, and development agendas
- expand economic opportunity for city residents and small businesses by utilizing the potential multiplier effect of community-based investment in housing

HOW THE POLICIES AND PROGRAMS WILL BE IMPLEMENTED:

1. Change The Way Resources Are Secured And Allocated

It is clear that some aspects of the current system for raising and allocating housing resources must be modified to ensure that the City's housing dollars are most effectively utilized. In considering the changes that should be made to improve the effectiveness of the system, it is recommended that the City:

- **Establish a multi-sourced, self-replenishing housing fund:**
 - Pool a portion of the bond money with the City's annual HOME and CDBG funds.
 - Form a public-private partnership between the City, RIHMFC, LISC, and private institutions to leverage City funds.
 - Introduce state legislation to fund a Housing Trust Fund that can provide a dedicated stream of state money into City housing programs.
- **Shift the emphasis for consumer housing assistance from grants to loans:**
 - Home purchase and repair assistance should be given as repayable, revolving loans.
 - Enable the City to recapture its housing investments to provide long term programming.
 - Grants may be required to provide gap financing in the development process.
- **Simplify the allocation process and make it consistent throughout the system:**
 - Establish consistent performance standards to guide the allocation of scarce funds.
 - Streamline the distribution of funds through a common application process for all funders.
 - Ensure that resources are distributed according to policy to target neighborhood efforts.

2. Revamp the Housing Delivery System

It is clear that some aspects of the current housing delivery system must be modified to ensure that the City's housing policies are carried out most effectively. In considering the changes that should be made to improve the effectiveness of the system, we must recognize the need to:

- keep the system as *simple* as possible so that consumers and organizations know where to go
- improve *coordination* among departments, organizations, and funders
- encourage *cooperation* among organizations that have related goals
- support a strong *neighborhood-based planning* process
- develop the *capacity* of neighborhood-based organizations and businesses to implement plans
- develop a *predictable* process for allocating resources via *consistent performance standards*
- hold fund recipients *accountable* for resources allocated to them; *results matter*

Some of the components of the new delivery system are as follows:

- **Housing Cabinet** -- City administration's mechanism for (1.) coordinating the departments responsible for carrying out its housing and neighborhood agendas, and (2.) advising the Mayor on housing and neighborhood policy. Made up of heads of all departments related to housing and neighborhood infrastructures.

- **Providence Housing Partnership** – Public/private/community partnership that provides a “table” around which a regular, ongoing housing dialogue can take place. Would review and recommend policies, strategies, and programs, but would have no direct authority or implementation responsibilities. The Partnership would, however, have responsibility for monitoring and evaluating the implementation of the recommendations stated in the Housing Policy Report, and for holding designated entities accountable for their respective responsibilities. The Partnership could be convened and staffed by The Providence Plan.
- **Department of Planning and Development** – City agency with primary responsibility for housing and neighborhood planning, as well as responsibility for making sure that the necessary programs get delivered. Would not necessarily run all of the programs, but may delegate responsibilities or contract with others.
- **PPHC** – Citywide non-profit housing entity with responsibility for overseeing the City's consolidated housing fund, the City's homeownership assistance programs, and building the capacity of neighborhood-based organizations to develop housing and deliver related services. A core staff of experienced professionals would oversee these functions and could enter into contracts with other entities to ensure implementation. The staff should reflect the diversity of the population the agency serves and could be funded through a combination of some or all of the following sources: HOME funds, CDBG funds, bond funds, loan fees, and other sources. Additional funds from cash on hand and the sale of PPHC's assets, totaling approximately \$1 million, can provide initial capitalization for the reconstituted agency. A strong, diverse non-profit board that includes representatives from the community, private business, funders, financial institutions, and the City Council would direct the agency's mission and programs, be responsible for overseeing the organization's funds, and enable the organization to attract private funds.

Given the near depletion of operating funds for PPHC, there are essentially two options that would enable the organization to carry out the responsibilities mentioned above: (1.) continue to operate as a separate, but scaled-back, non-profit housing agency, or (2.) merge its operations with DPD but retain its non-profit status and a separate board. Some of the advantages of each option follow:

Option 1 (operate as a separate agency):

- gives high visibility to the City's commitment to housing
- ensures greater consistency between past and future operations
- maintains a clear line of responsibility between staff and board

Option 2 (merge operations with DPD but retain separate board):

- maximizes scarce resources by sharing staff and reducing overhead costs
- improves coordination between the City's planning and housing delivery functions
- creates a “one-stop shop” to simplify procedures for consumers and other agencies

- **The Housing Court and Code Enforcement** -- A system is needed that coordinates the efforts of these two entities to prevent property owners from prolonging corrective actions to code violations. Property owners need to know that identification of code violations will be followed up by consistent prosecution if violations aren't corrected in a timely manner.
- **Community Development Corporations and other Non-profits** -- Neighborhood-based organizations develop housing and deliver housing and neighborhood services, market the neighborhoods, and provide input to and/or facilitate the neighborhood planning process.
- **Local For-profit Developers and Contractors** -- An important component of a neighborhood-based housing delivery system and an avenue which will expand economic opportunity for local residents.

BREAKDOWN OF FUNDS FOR RECOMMENDED PROGRAMS OVER FOUR-YEAR PERIOD:

- A goal of \$18.2 million in City money over 4 years:
 - \$7 million from the neighborhood improvement bond (if allocated by City Council)
 - \$1.8 million in HOME funds per year = \$7.2 million (assumes continuation of federal funds)
 - \$1 million in CDBG funds per year = \$4 million (based on average over past 5 years)
(Note: this is in addition to the approximately \$230,000 per year that DPD currently allocates for the operation of its Housing Division)
- A goal of \$13 million in matched private funds, not including mortgage money, over 4 years by leveraging City money through a consolidated housing fund (RIHMFC, LISC, private institutions, State Housing Trust Fund)

Increase Homeownership and Assist Existing Owner-occupants:

\$12 million over 4 years (\$6 million in City funds, \$6 million in matched funds)

A. Increase Homeownership in Every Neighborhood

\$4 million over 4 years (\$2 million in City funds, \$2 million in matched funds)

- Home Purchase Assistance, Employer-Assisted Housing, Purchase/Rehab
 - 200 per year @ \$5,000 assistance per sale = \$1 million in assistance per year
 - leverage these funds to obtain consumer mortgages, including purchase/rehab loans
 - funds paid back into revolving loan fund
 - positive impact on tax base (stabilizing effect on \$400,000 in tax revenues per year, based on \$2,000 in tax revenues per \$90,000 property)

B. Provide Assistance to Existing Owner-occupants

\$8 million over 4 years (\$4 million in City funds, \$4 million in matched funds)

- Paint and Repairs
 - paint 300 homes per year @ \$2,500 assistance per home = \$750,000 per year
 - repair 125 units per year @ \$10,000 assistance per unit = \$1.25 million per year
 - funds paid back into revolving loan fund
 - improved properties raise assessed values
- Assistance to enable existing owners to remain in their homes
 - RIHMFC's existing reverse mortgage program (HECM)
 - foreclosure prevention counseling provided through RIHMFC and CDCs

Take Action Against Vacant and Abandoned Properties:

\$6.75 million over 4 years (\$4.75 million in City funds, \$2 million in matched funds)

- Phase I: Clear title and acquire 250 properties citywide; secure or demolish as needed
 - acquisition costs range from zero to \$30,000 (accounts for some costs being recovered through liens)
 - demolition costs average \$20,000 per building; City funds would pay for demolition
 - rehabilitation costs included under development programs, below
 - development costs for converting vacant lots to infill housing, yards and parking for abutters, parks, etc., not included here
- Phase II: An ongoing program to address the remaining abandoned properties
 - additional funding required

Develop Properties for Homeownership and Neighborhood-based Rental

\$5.65 million over 4 years for ownership *and* rental development, as determined by neighborhood needs and citywide special needs
(\$3.15 million in City funds, \$2.5 million in matched funds)

A. Develop Properties for Homeownership, Through Rehabilitation and Infill Construction

- Gap financing for development of affordable homeownership *and* rental (see, "B", below), as determined by neighborhood needs
 - 75 units of rental *and* homeownership, combined, per year @ \$15,000 to \$20,000 subsidy per unit = \$5.25 million over 4 years
 - costs lower for properties acquired through the Abandonment Program
- Additional support for new and existing owner-occupants outlined above

B. Develop Neighborhood-based Rental Housing that Promotes Neighborhood Stabilization

- Gap financing for development of affordable homeownership *and* rental (see, "A", above), as determined by neighborhood needs
- Development grants for special needs housing
 - 25 to 30 units per year @ \$3,500 grant per unit = \$400,000 over 4 years

Preserve Rental Housing that Promotes Neighborhood Stabilization:

\$2.6 million over 4 years (\$1.1 in City funds, \$1.5 million in matched funds)

- Revolving loans for home repair assistance to conscientious landlords
 - 65 units per year @ \$10,000 per unit = \$2.6 million over 4 years
- No additional public funds required for preserving and rehabilitating subsidized rental housing

Increase Neighborhood-based Capacity to Plan and Implement Revitalization Strategies:

\$4.2 million over 4 years (\$3.2 million in City funds, \$1 million in matched funds)

- Operational costs of CDCs
- Funds for providing "urban customer service" (education, foreclosure prevention, marketing, technical assistance)
- Funds for development available through ownership and rental development programs (see above)
- Funding based on neighborhood business plans developed through planning process
- Amount of funding tied to performance standards for housing production and services

ONE: INTRODUCTION

With the City facing fiscal challenges and continuing demands for housing services, Mayor Vincent A. Cianci, Jr. requested the development of a housing policy that will guide the City into the year 2000. He directed The Providence Plan, a nonprofit, comprehensive, strategic planning organization charged with finding solutions to urban problems, to undertake this task. This report, the result of that project, presents an updated housing policy for the City of Providence with corresponding strategies and programs. These recommendations will guide housing decisions so that programs, funds, and projects advance in conjunction with a coordinated and consistent plan that effectively maximizes resources.

A housing policy that works towards vital and stable neighborhoods is the result sought by policy makers, program implementers, neighborhood advocates, and elected officials alike. Yet housing is just *one* tool. Equally key to neighborhood revitalization and stabilization are the perception of the city, the quality of the public schools, economic development, equity, and safety. Still, housing does play a fundamental role in determining individuals' quality of life. The following report is one step towards a city that lives up to its name: *provident (adj.): providing carefully for the future with foresight and prudent management of resources.*

The Context

The catalyst for this policy study was the near depletion of resources for the City's major housing initiative, the Providence Plan Housing Corporation (PPHC). The funds from a \$26 million tax incremental financing bond issue, which had stimulated the founding of PPHC and funded the greater portion of its housing production budget, was nearly expended by mid-1996. This scarcity of means provided an impetus for the City to review its housing policies, available and potential resources, and the mechanisms by which housing programs and related services are delivered.

One of the first factors recognized through this study was that the environment in 1996 was different than it was when PPHC was created. *First*, there were changes in demographics, housing quality, and neighborhood stability, as outlined in Chapter Three, many of which had their roots in the 1980s.

Second, along with the formation of PPHC in 1992, other sectors in the housing environment have evolved. These transitions include an increase in capacity within some of Providence's neighborhood community development corporations (CDCs). These growing CDCs are now able to meet more housing needs—both in units produced and services rendered. Furthermore, CDCs joined together in 1992 with other housing nonprofits to establish the Housing Network, a nonprofit corporation formed to unify and strengthen nonprofit housing groups. And, the Rhode Island office of the Local Initiatives Support Corporation (LISC) opened in 1991 and has been instrumental to the capacity building of neighborhood community development corporations. Finally, the Rhode Island Coalition for the Homeless, formed in the 1980s, grew stronger in the 1990s. Together, all of these groups brought housing advocacy to higher prominence in Providence.

Third, the housing market went through a slump period in the first half of the 1990s that kept the City affordable on one hand, yet restricted investment on the other. This followed the investor boom of the 1980s which, when the 1990s downturn hit, gave rise to issues such as negligent

absentee owners, abandonment, and code violations. As the City enters the last half of this decade, the market shows signs of recovery; this will have its own impact on housing.

The *fourth* and final shift is the devolution of responsibility for expenditure guidelines for federal funds from Washington to cities and states. This has corresponded with the federal government withdrawing support for housing programs. While local responsibility will allow for more flexibility and creativity, fewer dollars are available to fund projects. In the late 1970s the annual federal budget for affordable housing averaged \$33.8 billion; in fiscal 1995 funding was less than \$20 billion.

Given these dynamics, it was appropriate to reassess the Providence housing environment and to determine what, if anything, should be done differently. The process by which this reassessment followed is described below.

The Participants

When the Executive Director of PPHC gave notice of the depletion of the agency's funds, Mayor Vincent A. Cianci, Jr. called for a review of housing policies and programs in Providence. The Mayor charged The Providence Plan (TPP) with guiding the process who in turn, with the approval of an initial Housing Policy Working Group, hired Barbara Sokoloff Associates, a housing and community development firm. The consultant and TPP worked as a team throughout the project. Funding for the study was provided by the Department of Planning and Development, the Providence Housing Authority, the Providence Plan Housing Corporation, and Rhode Island Housing.

The initial Working Group expanded to include a broader representation of parties concerned with the City's housing policy. The final Working Group consisted of representatives from:

- ◆ Brown University's Taubman Center for Public Policy
 - ◆ Thomas Anton, Director
- ◆ Community Members
 - ◆ Marcia Carpenter
 - ◆ Miguel Luna
- ◆ Department of Inspections and Standards
 - ◆ April Wolf, Director, Code Enforcement
- ◆ Department of Planning and Development (DPD)
 - ◆ John Palmieri, Director
 - ◆ Thomas Deller, Deputy Director
 - ◆ Art Hansen, Associate Director, Housing Rehabilitation
 - ◆ Helen Priske, Associate Director, Neighborhood Planning
- ◆ Health and Education Leadership for Providence (HELP)
 - ◆ Louis Fazzano, Executive Director
- ◆ Housing Network
 - ◆ Brenda Clement, Executive Director
 - ◆ Ken Schadegg, Elmwood Foundation
 - ◆ Clark Schoettle, Providence Preservation Revolving Fund
 - ◆ Carla Young, Stop Wasting Abandoned Property

- ◆ Local Initiatives Support Corporation (LISC)
 - ◆ Barbara Fields, Executive Director, Rhode Island Office
- ◆ Project BASIC¹
 - ◆ Asata Msalii-Tigray, Director
 - ◆ Ray Neirinckx, Coordinator, RI Community Reinvestment
- ◆ Providence City Council
 - ◆ Councilwoman Patricia Nolan
 - ◆ Councilwoman Balbina Young
- ◆ Providence Housing Authority (PHA)
 - ◆ Stephen O'Rourke, Executive Director
 - ◆ Christopher Delvaille, Policy Analyst
- ◆ Providence Plan Housing Corporation (PPHC)
 - ◆ Matt Powell, Executive Director
 - ◆ Dominique Gregoire, Director of Community Lending
 - ◆ Lucy Shelby, Director of Neighborhood Planning
- ◆ Rhode Island Urban Project
 - ◆ Keith Oliveira, Executive Director
- ◆ Rhode Island Housing (RIHMF)
 - ◆ Richard Godfrey, Executive Director
 - ◆ Susan Bodington, Assistant Director for Housing Policy
- ◆ The Providence Plan
 - ◆ Patrick McGuigan, Executive Director
 - ◆ Jim Vandermillen, Senior Policy Analyst
- ◆ U.S. Department of Housing and Urban Development (HUD), Rhode Island Office
 - ◆ Nancy Smith, State Coordinator

The Process

The housing review process was carried out over approximately six months. In order to maximize public input, the team interviewed over 40 persons representative of governmental agencies, members of the City Council, banks, nonprofit organizations, and other housing constituents. The team also conducted a series of eight focus groups, organized around special spheres of interest, with participants coming from around the city. Minutes of these meetings and lists of the participants are provided in the appendix. The interest areas were:

- ◆ Realtors
- ◆ Nonprofit housing providers²
- ◆ For profit developers
- ◆ Special needs housing providers
- ◆ Neighborhood associations
- ◆ Minority contractors
- ◆ PPHC-assisted homebuyers
- ◆ Elderly housing providers

¹ Project BASIC stated that its role in the process has been "to monitor the actions and activities of the Providence Housing Policy Working Group, especially in terms of Fair Housing and rental housing."

² Throughout the report, the terminology "housing nonprofits" is used to describe those entities from community development corporations to nonprofits specializing in providing housing for persons with special needs. A list of housing nonprofits is given in Appendix C.

The team built on previous housing studies and plans, the 1990 Census, and the expertise and knowledge of several individuals who are directly involved in housing delivery in Providence. The team examined the general policies already in existence, using them as guides where appropriate. To this base, the team added new information on the current status of the population, the housing stock, the market, available resources, and the housing delivery system. The team also reviewed outside models and spoke with national experts.

From all this information, the team, through an iterative process with the Working Group, identified the challenges facing the City, the major issues that need to be addressed, and the City's existing strengths and assets. Throughout the process, issues and strategies were refined until the Working Group agreed that the team had captured an accurate depiction of the problems and had developed corresponding solutions. At the conclusion of this process, the team and the Working Group affirmed demographic and housing stock transitions and identified the following primary issues within the City's housing sector:

- ◆ Housing revitalization and stabilization must be set in a neighborhood context.
- ◆ Homeownership must be increased throughout the city, particularly in those neighborhoods below the citywide owner-occupancy rate.
- ◆ There is a need to help existing homeowners remain in and maintain their homes.
- ◆ Rental housing needs to be preserved and maintained.
- ◆ The condition of much of the housing stock needs upgrading.
- ◆ Vacant and abandoned properties continue to be a blighting influence.
- ◆ Code enforcement is critical to revitalization efforts.
- ◆ Demand for housing for the elderly and persons with special needs persists.

And, in regard to the implementation of housing services and programs, this study determined that:

- ◆ The delivery system, i.e. the system that produces housing and delivers housing resources and programs, lacks coordination, effectiveness, and efficiency.
- ◆ Funds for housing delivery are diminishing, are not linked to performance, and are not allocated in a targeted, coordinated, and predictable way.
- ◆ Economic benefits from housing activity can and should revolve back to local residents and businesses.
- ◆ A way must be found to continue a strong City role in the housing sector.

The purpose of this analysis was to recognize problem areas and build on the City's strengths to develop policies that more effectively and efficiently address housing in the City of Providence.

The Result: Overall Goal and Major Policy Recommendations

After several discussions, the Working Group determined that the overall goal of Providence's Housing Policy should be to:

Create an environment that strives for neighborhood stabilization and revitalization and provides a diversity of housing opportunities while meeting fair housing objectives. Integral to this goal is a commitment to a process that is community-based, inclusive, and participatory. This is a neighborhood-oriented strategy that recognizes the range of assets and challenges within each of the neighborhoods while simultaneously working to enhance citywide pride and community.

The policies, strategies, and programs to achieve this goal and to address the major issues identified above are listed in full later in the report. However, there are several policies recommended in this report that are either major shifts in direction or existing policies that need to be re-emphasized. These comprise the primary policy recommendations of this report. They are:

Shift Funding Policies From Grants To Loans.

This approach will enable the City to recapture its housing investments to provide long term programming. It will make available affordable loans for downpayment assistance and repairs with paybacks on those loans feeding into a fund to finance future loans. This policy recognizes that grants will be required to provide gap financing in the development process.

Establish a Multi-Sourced, Self-Replenishing Funding System.

This system will operate on multiple levels. At the state level, legislation should be introduced to fund a Housing Trust Fund (HTF) that will not rely on any one funding source. This state-level HTF can provide a dedicated stream of state money into City housing programs. At the City level, a public-private partnership of the City, RIHMFC, LISC, and private institutions will be formed to increase dollars and strategically target funds. The City should begin this leveraging with the consolidation of City dollars for housing, including federal funds and bond proceeds, in a Providence Consolidated Housing Fund. Loan paybacks will be the renewable, self-replenishing portion of the fund. A state-level trust fund will provide a dedicated stream into the fund. This consolidated city fund would enable streamlined distribution, ensure that scarce resources are distributed according to policy, and target neighborhood efforts to reach critical mass.

Stabilize Neighborhoods through Strong Neighborhood-Based Planning.

A strong neighborhood-based planning process places stabilization and revitalization efforts in a neighborhood context. Plans should be developed through the cooperative efforts of residents, elected officials, and community-based organizations, including tenant groups, homeowner associations, block groups and neighborhood associations, churches, business associations, and non-profits. Sufficient capacity may need to be developed at the neighborhood level to carry out planning and implementation. The Department of Planning and Development would offer professional expertise and provide citywide oversight of planning efforts. Neighborhood plans would determine the needs for rental and owner-occupied housing, and would guide the distribution of housing resources allocated for citywide housing programs.

Continue the Emphasis on Increasing Homeownership.

The City and its neighborhoods can benefit by increasing the proportion of its residents who are homeowners, as owner-occupancy provides stability and promotes investment in neighborhoods. Homeownership further provides stability to householders, as their housing costs become more predictable and they begin to build the home equity that is an investment in their future. Opportunities should be provided to serve a range of incomes.

Preserve Rental Housing that Promotes Neighborhood Stabilization.

Given that only 21,000 of the City's 65,000 dwelling units are single-family homes, rental housing is an important component of our housing stock. The quality of life for renters and the quality of our neighborhoods will be improved by encouraging and enabling improvements to the aging rental housing stock. In addition, the City's public housing should be recognized as a vital element of the community, and measures should be taken to ensure that it is preserved.

Support Existing Homeowners.

As the City works to increase the owner-occupancy rate, it must also direct efforts toward retaining existing homeowners. In addition to addressing issues such as crime and the quality of the public schools, support should be available to help existing homeowners remain in their homes and maintain them. These efforts will help retain the middle class and aid the most needy, including the elderly and lower income homeowners. The City will need to access flexible funding sources to make assistance available to a variety of income levels.

Focus on Rehabilitating the "Twos and Threes".

Given that two- and three-family structures comprise approximately 45 percent of the City's housing stock and that more than half of these are not owner-occupied, targeting the "twos and threes" through a combined homeownership and rental strategy would have a significant citywide impact and be a strong component of neighborhood stabilization. This strategy would address a combination of issues, including homeownership, rental needs, negligent landlords, code and abandonment problems, and rehab needs.

Take Targeted, Ongoing Action Against Vacant and Abandoned Properties.

A targeted, ongoing approach to reversing the blighting effects of vacant, abandoned, and problem properties must be prioritized with neighborhood input. The ongoing strategy would enable community organizations to work with building inspection officials, public safety officials, planners, preservationists, and developers to continue to identify the properties that are most detrimental to their neighborhoods and to determine the most positive, long-lasting solutions for these properties. The solutions would include rehabilitation and selective demolition as needed.

Support Development of Neighborhood-based Ownership and Rental Opportunities.

Owner-occupied housing has been recognized as a primary factor in neighborhood stability, yet there is also a need for high-quality rental housing. Neighborhood-based planning, with citywide coordination, will determine the relative needs for homeownership and rental opportunities. Furthermore, planning and development of housing by community-based organizations and developers will help to ensure that housing is sensitive to each neighborhood's needs and characteristics. Neighborhood stability will be further promoted by rental housing that is owned and managed by neighborhood-based organizations, tenant organizations, or neighborhood-based non-profit developers.

Market the City and Its Neighborhoods.

A citywide marketing strategy would be based on both neighborhood strengths and Providence's assets. Such a strategy would promote Providence as a place in which current residents want to stay and to which others want to move.

Revamp the Housing Delivery System.

The system that provides housing and delivers housing resources and programs must be revamped to improve coordination among departments, funders, and agencies; increase the spirit of cooperation among providers with similar goals; improve the capacity of neighborhood groups to provide housing; require accountability and adherence to performance standards for funding; and set out a predictable, simple process for housing producers and consumers to follow.

Expand Economic Opportunity through Housing Investments.

Recognize that the City's investments in housing are a significant part of neighborhood reinvestment and have a multiplier effect that can be used to expand economic opportunity. Special attention should be paid to local and minority access to business and job opportunities.

The remainder of the report is divided into six chapters and a set of appendices:

- ◆ Chapter Two describes some of Providence's assets and opportunities.
- ◆ Chapter Three elaborates on some of the challenges facing the City.
- ◆ Chapter Four lists the major housing issues identified through this process, and presents corresponding policy, strategy, and program recommendations.
- ◆ Chapter Five describes key recommendations for restructuring the housing delivery system and the ways in which resources are secured and allocated.
- ◆ Chapter Six describes the major recommended housing programs.
- ◆ Chapter Seven includes recommendations for implementation.

TWO: ASSETS AND OPPORTUNITIES

The City of Providence is fortunate to have much upon which it can build a strong, healthy, and attractive city. In fact, one of Providence's prime assets is that it already is a great city for working, playing, and living. Residents and visitors alike exclaim over the arts and entertainment options, the beauty of the city, the world-class colleges and universities, the historic character, the breadth of the restaurant selection, and its proximity to Rhode Island's seashore and the Boston / New York urban centers. In addition, the cultural and physical diversity found throughout Providence's neighborhoods enrich the City. Providence has an attractive and accessible urban environment that has great potential to retain current residents and continue to draw a diverse population to the city.

In the housing sector, the City is fortunate to have highly regarded housing programs as elements of its delivery system; a network of non-profit housing organizations with the potential to impact many of the city's neighborhoods; a strong and innovative state housing finance agency; skilled, knowledgeable, and dedicated experts in the housing field; and, under the initiative of Mayor Vincent A. Cianci, Jr. and with the support of the City Council, a recent major investment in housing. These human and system resources will serve as the foundation of the restructured delivery system and for new programming. Despite the challenges before the City, many of which are discussed in the next chapter, there is a sense of hopefulness that the City is on the verge of a new era.

The City of Providence

While there is an array of challenges before it, the City has many successes on which it can build.

- ◆ The physical changes in downtown Providence, including the reconnection of Downtown with the river, the opening of Waterplace Park, and plans to realign Interstate 195, have inspired a growing confidence in the City. This, in combination with Downtown's architecture, pedestrian-oriented scale, and historic assets, provides an inviting blend of old and new.
- ◆ Furthermore, throughout the City, the coffee houses, restaurants, colleges, universities, and theaters enhance the urban ambiance. And, certainly the presence of an established, respected, and innovative arts community adds excitement and dynamism to the City.
- ◆ To the City's betterment, the population of Providence is becoming ever more diverse. Earlier waves of immigrants gave the City Italians, Portuguese, and Irish. Most recently, the New American population introducing renewed energy to the City includes Hispanics, Southeast Asians, and African immigrants. These newest residents view Providence as a place to build a future. Each new addition to the population installed new customs, foods, and festivals that strengthen and diversify the City.
- ◆ The City has received funding for new federal programs, such as the Federal Enterprise Community. Furthermore, the National Main Street Initiative, a combined National Historic Trust and LISC program, has designated Broad Street as one of six national pilot sites. Both of these efforts will continue to improve quality of life at the neighborhood level.

- ◆ By creating The Providence Plan (TPP), the City led a cooperative effort with the State of Rhode Island to implement ongoing strategic planning to find solutions to urban problems. TPP's goals are putting people to work, retaining the City's middle class, reforming the city's public schools, making our neighborhoods safe and livable, providing decent and affordable housing, and increasing jobs and taxes in downtown Providence.

The City's Housing Resources

Providence has a good base from which it can build an innovative, efficient, and effective housing program. The following assets will furnish the foundation for future housing plans.

- ◆ The City government, under the leadership of Mayor Cianci and with the support of the City Council, made a major commitment to affordable housing through the creation of the PPHC and the issuance of a \$20 million bond dedicated to jump-starting the City's housing efforts. This money did more for housing in Providence over a four year period than the City had ever seen before¹. The advances included:
 - ◆ 434 households received home purchase assistance²
 - ◆ 329 households received home repair loans
 - ◆ 600 plus individuals received home purchase education
 - ◆ 148 abandoned properties were purchased
 - ◆ 18 new housing units were constructed
 - ◆ 40 buildings were demolished
 - ◆ 90 houses were sold or leased

In addition, PPHC managed funds for the citywide paint (1,614 houses painted) and sidewalk programs, directed public money into the new downpayment (Banc Links II) and home repair (Bank It! Fix It!) programs, and administered the City's HOME funds which contributed to the development activity of Community Development Corporations.

- ◆ The public has expressed support for extending this commitment to housing and neighborhoods through the approval in November, 1996 of the Neighborhood Revitalization Bond. \$7 million of the proposed \$50 million in bond funds has been recommended for housing programs, subject to the approval of the City Council. A portion of this could provide the initial capitalization of a revolving loan program so that improvements begun with earlier bond money perpetuate.
- ◆ Rhode Island Housing (RIHMFC), the state housing finance agency, has made significant financial commitments to the City. The agency has made over \$70,000,000 in first time homebuyer mortgages in Providence since 1993. This put over 1,200 households into a home of their own. In addition, through a variety of mechanisms, since 1992, RIHMFC has helped to make almost 300 new rental units a reality and kept 450 units affordable through the Preservation Program, including many units that house special needs populations. RIHMFC continues to expand its efforts in the city with participation in PPHC's downpayment

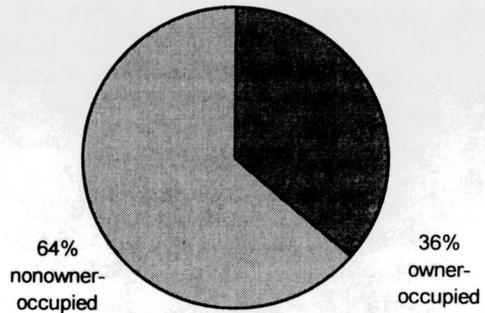
¹ See the section on "Continuing Housing Progress" in the next chapter for additional discussion of PPHC's accomplishments, as well as the problems associated with the agency.

² Racial and income profiles of home buyers who received home purchase assistance through PPHC are included in the next chapter, in the section on "Continuing Housing Progress".

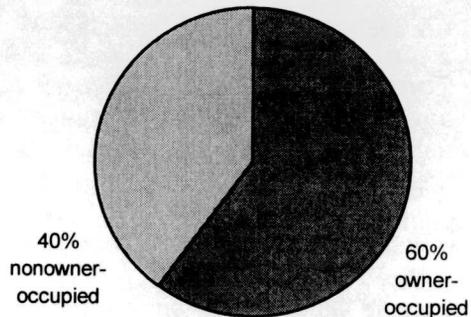
assistance programs and through exploration, along with The Providence Plan, into and an employer-assisted housing program. Further, RIHMFC has utilized approximately \$2 million of State allocated HOME funds for many Providence homeownership and rental projects.

- ◆ Tenure in the city's housing stock has remained fairly constant over the past five decades with about one-third of the city's housing units owner-occupied. However, with Providence's high number of two- and three-family structures, using units rather than structures as a base for determining owner-occupancy rates distorts the actual owner-occupied ratio. Determining the level of owner-occupied structures, as opposed to units, is key as on-site owners have a stabilizing impact on neighborhoods. When structures are used, a much higher owner-occupancy rate results. The Department of Planning and Development estimates that approximately 60 percent of all housing structures are owner-occupied, a figure that bodes well for neighborhood stability.³ Furthermore, multi-family housing allows for a joint owner-occupant and renter strategy that can bring both stability, diversity, and affordability to city neighborhoods. The City benefits from the dual role these property owners play as neighborhood stabilizers, both as owner-occupants and as on-site landlords of rental properties.

Ownership by Unit



Ownership by Structure



Source: DPD

- ◆ The City is fortunate to have a variety of experienced and active neighborhood community development corporations that have produced rental and homeownership properties which strengthen neighborhoods. Because CDCs work in the neighborhoods, they often know what type of housing best suits the needs of that community. Their neighborhood familiarity encourages a flexible response to a variety of needs. Since 1992, neighborhood community development corporations have developed over 85 projects yielding more than 300 housing units, some with the assistance of PPHC and some with other public and private assistance.

However, development is by no means their sole function. Through classes offered by some CDCs, potential homebuyers learn how to finance and maintain a home and existing homeowners get repair advice and assistance. Other CDC activities include arson prevention, community gardens, crime watch and more. In addition, subsidized new

³ This is a citywide average. More than half of the city's neighborhoods fall below the average, creating a disparity between many adjacent neighborhoods. See the maps in the "Neighborhood Stabilization" section of the next chapter.

construction and rehabilitation projects developed by neighborhood community development corporations not only offer affordable opportunities, but provide job opportunities. Finally, and most importantly, the presence of an active and successful neighborhood-based CDC greatly enhances the marketability of a neighborhood and is a critical element in stabilization as well as revitalization work.

- ◆ The active presence of LISC brings national skills and resources to city neighborhoods and has been instrumental in helping to strengthen many of Providence's CDCs. Through technical assistance for capacity building, loans, and investment in tax credits, LISC has committed over \$6,000,000 to Providence since 1991. Much of this comes from Rhode Island banks and corporations that have invested in LISC's Limited Equity Fund. LISC supporters include a wide range of banks, corporations, and foundations.
- ◆ The Providence Housing Authority has been transformed from an agency characterized by poor management to one of the outstanding public housing authorities in the country with programs of family self-sufficiency, scattered site development, and substance abuse prevention programs.
- ◆ The Providence Preservation Society has successfully operated a Revolving Fund since 1982, providing low interest loans for home repair to lower income persons in the Armory District and North Elmwood neighborhoods. This is a program that can be replicated citywide so that all residents have access to a renewable funding source.
- ◆ Private development has been successful and shows further potential. Private developers have proffered plans to increase rental housing in the Downtown neighborhood as an enticement for urban professionals and artists attracted to Providence. Another private housing developer utilizes the historic character of the Armory neighborhood to successfully revitalize a targeted area. This is accomplished through both new construction and rehabilitation for both rental and homeownership opportunities.
- ◆ Sunrise Community Housing and Family AIDS Center for Treatment and Services (FACTS), providers of housing for persons with HIV/AIDS, have received national recognition and have been awarded highly competitive national grants for programs and housing units to provide innovative, continuum-of-care programs.
- ◆ Project BASIC is an active housing and low-income advocacy organization that acts as a conscience of the community. Their unflagging efforts to call attention to inequities keeps a focus on housing the most disadvantaged.
- ◆ The City has been successful in housing the homeless and continues to work on additional ways to shelter and improve the quality of life for the homeless. These providers not only aid individuals' lives, but they add to the quality of neighborhoods. The YMCA has 177 units of homeless housing. Advent House has been successful in rehabilitating two abandoned apartment buildings and plans are in place for 57 additional homeless units at the former Gemini Hotel.
- ◆ The wide variety of special needs housing throughout the City have proven to be beneficial to neighborhoods. The rehabilitated and new residences for persons with HIV/AIDS, the homeless, and those in transition have served as stabilizing and revitalizing influences in some neighborhoods. Furthermore, projects such as the development of the Gemini Hotel into a SRO facility offer good examples of adaptive reuse for unused, nonresidential buildings.

The Impact of Educational and Medical Institutions

The presence of several educational and medical institutions in Providence contribute much to the City and serve to attract residents. Most of the higher educational institutions in the state have established a presence in Providence and have invested in the physical revitalization of the City. This brings a cultural richness to Providence. The following is a partial list of the many ways the City benefits from these institutions.

- ◆ In addition to the jobs, investment, and students that Brown University brings to Providence, the university's Taubman Center for Public Policy, serves as an urban research resource.
- ◆ The University of Rhode Island's new Providence Campus revitalized the Shepherd Building and brings students and employees to the downtown center. In addition, URI's Urban Field Center, located on the Providence Campus, provides a link between university research and urban needs.
- ◆ Rhode Island College provides community centers and other social service centers with its students in social work programs.
- ◆ Roger Williams University has rehabilitated the former City Hall Hardware Store in downtown Providence for its Metropolitan Center for Education and Law, including its Center for Professional Development.
- ◆ The Community College of Rhode Island has established a campus in South Providence at the former Opportunities Industrialization Center. The location of this campus makes higher education more accessible to inner city residents; in the fall of 1996, over three hundred courses were offered with registrations exceeding the 3,000 mark. Minority recruitment and retention is a priority at this campus and an effort has been made to create an environment where minorities can succeed.
- ◆ Providence College now has the Feinstein Institute for Community Service which integrates community service with classroom learning.
- ◆ The Rhode Island School of Design is not only a major physical presence in downtown Providence, but, as an internationally renowned art school, it has spawned an active artists' community with related support services. The artists' associations, in their desire for loft housing/studios, are a driving force for downtown residential development.
- ◆ The presence of Johnson and Wales University's dormitories and classrooms in downtown Providence demonstrates investment and commitment to the City that has brought vigor to the downtown area.
- ◆ The medical centers throughout Providence, like the educational institutions, provide jobs for residents and nonresidents alike.
- ◆ All of these institutions help to keep and draw middle and upper income professionals into the City. For example, Brown University has surveyed its faculty and found that 70 percent reside in the City of Providence, a figure which indicates the potential that exists.

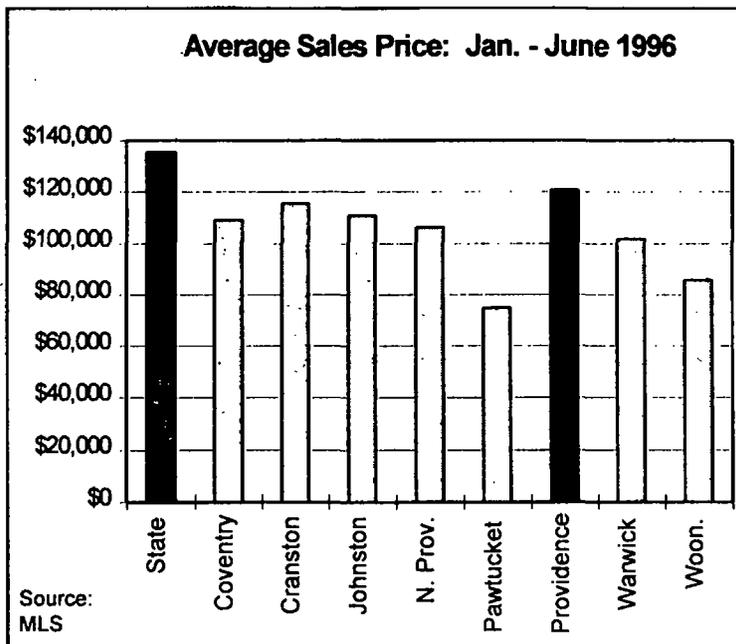
Attractiveness of Providence for Investment

The combination of all of the above factors makes Providence a city on the upswing. Of the six second-tier, New England cities, Providence is recognized as the one experiencing greatest growth and new investment. This bodes well for the future as the City enters the next century.

Providence is characterized by its many distinct neighborhoods, each with strong identities that continue to attract buyers and renters. The housing market, which has been weak in the early 1990s, is showing signs of resurgence and renewed optimism. The headline in the September 15, 1996 edition of the *Providence Sunday Journal* Real Estate Section which read "Rising prices, low rates lift spirits of housing market", summarizes the positive outlook for the housing market. In Rhode Island, the 3,060 single family houses that were sold by mid-year represents one of the highest sales levels in over ten years.

Providence is also sharing in this optimism as realtors report greater activity in the first half of 1996. This report relies on the Multiple Listing Service (MLS) data for purposes of comparison. While MLS does not represent every unit sold, it is a consistent source of data. MLS information is kept by median and average.

The median sold price in Providence in the first six months of 1996 was \$70,000, exclusive of the East Side, and \$176,500 on the East Side. The average sold prices are somewhat different: \$69,573 for Providence and \$217,899 for the East Side. The overall average for the City is \$120,846 which, while less than the state average of \$135,584, is higher than many communities, including Pawtucket, North Providence, Woonsocket, Johnston, Cranston, Warwick, and Coventry.



Furthermore, participants in the realtor focus group discussion expressed much optimism for the City. These realtors relayed that many buyers seek houses in Providence because of its amenities, affordable houses, and location. Some of the responses to a survey of focus group participants are presented on the following page.

Quotes From Survey of Participants in the Realtor Focus Group

"Why Do People Buy In Providence?"

"Buyers like the feel of the City."

"This buyer considered Edgewood, Rumford, and East Greenwich but chose Providence for its amenities."

"Providence is affordable and close to relatives."

"Providence is where I grew up and want to stay."

"There are many buyers from professional households that work and want to live in Providence."

"In Providence it is possible to buy a multi-family house that provides income now and a place for children to live as they grow up."

THREE: CHALLENGES

Interviews, focus group discussions, and data analysis revealed the challenges facing the City as well as the assets that were described in the previous chapter. With input from the Working Group, the team developed these challenges into the issues presented in the next chapter. In order to refine the issues, however, the team had to clarify the underlying challenges.

Providence is a different place in 1996 than it was even in 1990. The demographic transitions of the last decade have accelerated, yielding a City that is more diverse, but also poorer and younger. Each of these changes will impact policy in different ways. The challenge is to have a clearer picture of the population so that policies can address residents' needs.

The city's population is one part of the housing equation, the condition of the housing stock is another. While portions of Providence's housing stock are in good condition, large numbers of structures are deteriorated or abandoned. The negligence of absentee investor-owners was cited by interviewees and focus group participants as a major factor contributing to this problem. Yet, participants indicated that institutional problems exist, such as code enforcement and prosecution procedures, legal procedures affecting acquisition of problem properties, the City's policy of treating back taxes as potential assets.

Having more complete knowledge of the population and housing conditions will enable the City to meet the challenge of creating stable and vital neighborhoods. The primary mechanisms by which neighborhood stabilization will be accomplished is through expanding and supporting homeownership and ensuring a sound rental stock. Whether working towards increased homeownership or stable rental housing, each objective presents its own set of challenges, including overcoming housing cost burdens, addressing special needs, anticipating and preparing for the impact of expiring use subsidized housing projects, and recognizing and accommodating cultural differences, to name a few.

All of these objectives, assisting homeowners, working with special needs populations, and, to a lesser degree, improving rental housing, were the targets of programs in the first half of the 1990s. Continuing this progress, given diminishing and scarce resources, is a major challenge. Finally, developing policies and programs that get the most from public investment, and ensuring effective implementation of these policies and programs, must run parallel to the reduction of resources. In order to maximize scarce resources and improve the effectiveness of programs, the dissonance in the current housing delivery system must be addressed.

The remainder of this chapter provides details about the following challenges:

- A City in Transition
- The Condition of the Housing Stock
- Abandonment and Code Enforcement
- Neighborhood Stabilization
- Housing the Homeless, the Elderly, and Persons with Special Needs
- Continuing Housing Progress
- Diminishing Resources
- Housing as a Tool in Expanding Economic Opportunity
- Revamping the Delivery System

These are the problems that the policies, strategies, and programs provided in this report will tackle in order to achieve the goal established by the Housing Policy Working Group.

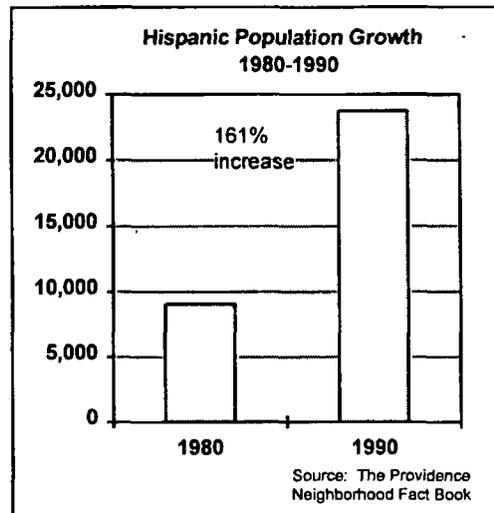
A City in Transition

It is commonly accepted that the City needs to find ways to keep and attract a healthy diversity of residents. Attention must be paid to middle income requirements as well as meeting the needs of lower income residents. And the City must be prepared to accommodate the needs of new immigrant populations.

The dynamic changes occurring in the population of Providence present a challenge to the City. The population in the 1990s is more diverse but also younger and poorer than in previous decades. Much of the population increase in the 1980s and the continuing changes in the 1990s are driven in large part by domestic and foreign immigration. Providence has become the primary destination for a variety of emerging racial and ethnic groups. According to the 1990 Census, almost one in five residents was foreign born. In addition, the Center for Hispanic Policy & Advocacy (CHisPA) reports that the City experienced the largest percentage growth in Hispanic population between 1980 and 1990 of any city in the United States. During that time, the Hispanic population grew from nine thousand to over twenty-three thousand, or about a 160 percent increase.

Interviews with individuals involved in educational oversight report that 1996 school enrollment records confirm these multi-racial and ethnic changes. The Providence Public School Department reports that, as of 1993, more than 80 different languages are spoken in the homes of its growing student population. Hispanics comprised the largest, and fastest growing, segment of the foreign-born students.

And, like many other metropolitan centers, Providence is experiencing a loss of middle-income residents to the surrounding suburbs. The schools are reported to be the driving force behind much of the out-migration of the middle class. Participants in focus groups frequently cited concern over educational quality as the impetus for leaving Providence, particularly as children reached middle-school age. People who like living in Providence because of its diversity and amenities often decide to leave by the time their children reach middle school age. A comparison of annual births in Providence and annual public school records would show that the composition of the population is changing rapidly. The number of White first graders in the public schools is smaller than the same cohort of White children at birth. Conversely, the cohort of Non-white children in the schools is larger than it was at birth. However, due to concerns about undercounts, changes in the actual population level from 1980 to 1990 are considered uncertain. Some maintain that the population is continuing its half-century long decline, others that it is stabilizing or perhaps even increasing. The one thing that is uniformly accepted is that the population reached its peak of 250,000 in 1940 and today hovers around 160,000. This population decrease has implications for housing, in particular for decisions regarding density.



Concurrent with these racial and ethnic changes is a slight lowering in the median age of the population from 29.9 to 29.4 as younger segments of the population grow and the older ones decrease. The sharpest drops in the 1990 Census were a reduction of 32 percent in the age 55 to 64 group and 17 percent in the 65 to 74 group. Simultaneously, the age groups under 14 as well as the age groups between 20 to 34 and 35 to 54 have grown significantly; the fastest growing age group was persons under five years old (+27%).

Income levels are another factor in the City's transition. From 1980 to 1990, median family income rose from \$14,948¹ to \$28,342. When adjusted for inflation, this reflected an 11 percent growth in income over the decade. By 1994, Rhode Island Housing estimated Providence median income had risen to \$32,052, just keeping pace with inflation. Poverty levels, however, are not abating. From 1980 to 1990, the percentage of persons below poverty rose by 14 percent, and 22.5 percent more children were in poverty. By 1994, 24 percent of Providence households had incomes below the poverty level, representing an increase of 36 percent since 1988. Over 55 percent of the City's households are estimated to be at low or very low income.

Finally, there are two national trends that, given Providence's demographic shifts, are particularly relevant. One is a well-defined housing consumption cycle: from young renter (ages 20-24), to first-time home buyer (ages 25-34), to trade-up buyer (ages 35-54), and then to long-term owner or retirement home buyer (ages 55 and over). The second is immigrants' homeownership patterns; the national homeownership rate for immigrants is 17.5 percent for those with less than five years residence, 38 percent between five and ten years, and 63 percent after ten years in residence. If Providence follows national trends, the decreasing age of the population combined with residential stability in the growing immigrant sector will increase demand for homeownership.

The challenge is to find ways to retain the middle class *and* use the characteristics in the evolving population base to increase homeownership rates. This will require flexible strategies that consider income and cultural differences. Retaining current homeowners will require other strategies including giving attention to all quality of life issues, including housing, jobs, schools, and City services.

The Condition of the Housing Stock

The condition of the housing stock takes into consideration a number of factors. Each of the paragraphs below sketches a different housing stock challenge.

- ◆ The number of households is diminishing at a higher rate than the number of housing units, with the result being a potential oversupply of housing units. From 1950 to 1990, the number of households decreased by over 18 percent while the number of housing units declined by just 10 percent. The existence of excess housing has many ramifications for the City. It is a factor in the vacancy rate, abandonment, and market values. Because it keeps values down at the same time that construction costs are rising, it limits the profitability and potential for new construction and rehabilitation. Finally, it calls for a land use and density analysis to determine the best use of space.
- ◆ A significant proportion (approximately 45 percent) of the Providence housing stock consists of two- and three-family structures. As of the 1990 census, just 25 percent of housing units were single-family structures. More than half (53.4 percent of all housing units) of the city's

¹ Adjusted for inflation, this number becomes \$25,531.

housing units are located in two- to four-family structures. Only one in five housing units is located in a structure with five or more units.

- ◆ Most of Providence's housing structures were built prior to 1940. The large number of older housing structures offers opportunities as well as challenges. Deterioration and major repairs are more of a threat with an older housing stock. Approximately 6,000 residential structures in the city (primarily three-family homes) are in below average condition with many needing substantial renovation work. Yet, much of the older stock provides the architectural interest, character and continuity on which many desirable neighborhoods are built.
- ◆ The age of the housing stock also means that the presence of lead paint presents a significant challenge. Any structure built prior to 1978, when use of lead paint in residential structures was officially barred, is highly likely to have some lead paint in or on the property. Lead paint is the number one environmental hazard for children under 6 years of age. Exposure to lead paint can result in permanent neurological damage; some studies have shown a direct correlation between the amount of lead paint in a community and the size of special education programs.

Greater Elmwood Neighborhood Services (GENS) is the recipient of one of two, three-year, national demonstration grants. Through this grant, the agency is testing a number of lead paint related issues, including an investigation into a correlation between increases in lead and recent renovations. When the paint is disturbed by "do-it-yourselfers" or professionals who do not follow proper procedures, not only does it endanger residents, but exterior work also endangers neighbors.

GENS is also "lead safing" and "lead abating" 200 units within a defined area of the Elmwood neighborhood of Providence. The program is only done through licensed contractors, and families in the unit are relocated during the project. Finally, GENS has undertaken a massive education campaign to inform the public of the dangers and of ways that behavioral changes can reduce health risk.

Because of the age of the stock and the health risks of lead paint, there is not a renovation or rehabilitation in the City where lead should not be one of the first considerations. The GENS program is a beginning, but it addresses only one small segment of the City's housing stock. A citywide program will require considerably more resources.

Abandonment and Code Enforcement

Two housing stock issues have such significance to the City and its housing policy that they require further elaboration. They are abandonment and code enforcement.

Abandonment. The Department of Inspections and Standards reports that there are approximately 700 abandoned buildings in the city, of which about 500 are residential structures. Although there are abandoned buildings in nearly every neighborhood, as the map and chart below illustrate, many of these abandoned buildings are clustered in a handful of neighborhoods. The abandonment problem is exacerbated by the fact that seven neighborhoods with the highest concentration of abandoned housing correspond exactly with the neighborhoods with the lowest median family income. Although Elmwood, the West End, Lower South Providence, Upper South Providence, Olneyville, Federal Hill, and Smith Hill account for only 34 percent of Providence's total population, they include 76 percent of all vacant and abandoned buildings. Over the last

couple of years, 400 buildings came off the abandoned property list but 200 others came on. So, while the City has eliminated a number of abandoned houses, the overall number has not decreased significantly.

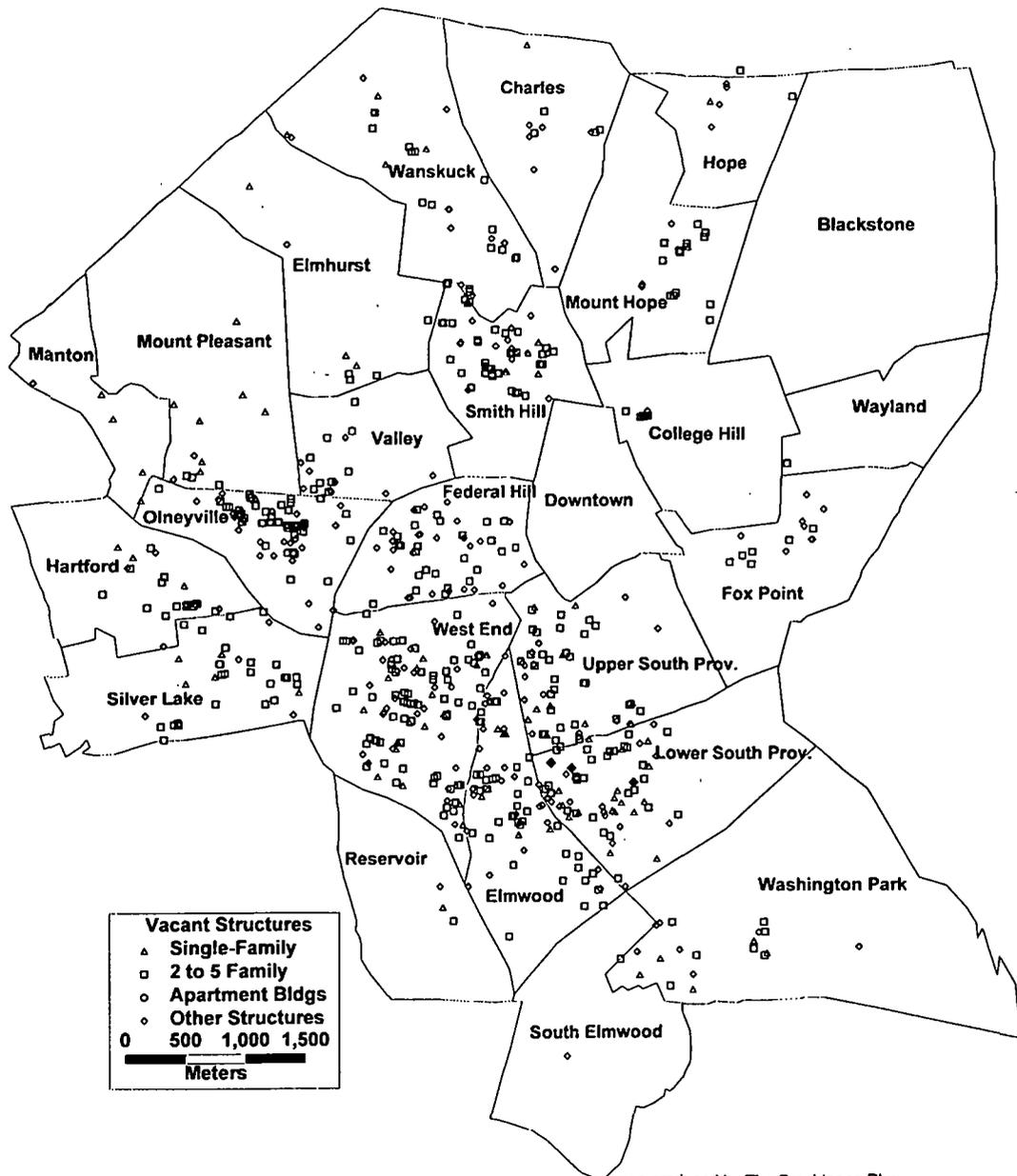
The conditions of vacant and abandoned buildings vary, but many are structurally unsound and present safety hazards. Abandoned buildings are also prime targets for arson, with estimates of 90% or more of all abandoned buildings affected. Providence Fire Department records indicate that 15% to 30% of the department's responses to structure fires are to abandoned buildings. Clearly, concern for public safety is a strong enough reason to attack the city's abandoned building problem. Yet the cost the City bears for its fire and police departments to respond to incidents of arson and break-ins also provides an impetus for developing a strategy to eliminate the problem. Money spent to secure and rehabilitate abandoned buildings, or to demolish them if no other option exists, will help to save money currently spent to combat public safety hazards. Finally, but of great importance, is the negative impact that abandoned buildings have on the communities in which they are located. As long as these properties continue to be neglected, it will be difficult to encourage property owners to reinvest in the affected neighborhoods.

Vacant and Abandoned Structures in Providence, by Neighborhood

Neighborhood	Total Vacant Structures	% by Nbhd.	Single Family Structures	% by Nbhd.	2 to 5 Family Structures	% by Nbhd.	Apartment Structures	% by Nbhd.	Other Structures	% by Nbhd.
Citywide	733	100%	100	100%	390	100%	53	100%	190	100%
Blackstone	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Charles	11	1.5%	1	1.0%	4	1.0%	1	1.9%	5	2.6%
College Hill	7	1.0%	0	0.0%	5	1.3%	0	0.0%	2	1.1%
Downtown	1	0.1%	0	0.0%	1	0.3%	0	0.0%	0	0.0%
Elmhurst	9	1.2%	3	3.0%	5	1.3%	0	0.0%	1	0.5%
Elmwood	72	9.8%	9	9.0%	36	9.2%	11	20.8%	16	8.4%
Federal Hill	50	6.8%	0	0.0%	27	6.9%	13	24.5%	10	5.3%
Fox Point	15	2.0%	0	0.0%	6	1.5%	3	5.7%	6	3.2%
Hartford	26	3.5%	3	3.0%	18	4.6%	0	0.0%	5	2.6%
Hope	7	1.0%	1	1.0%	2	0.5%	0	0.0%	4	2.1%
Lower So. Prov.	65	8.9%	17	17.0%	30	7.7%	0	0.0%	18	9.5%
Manton	6	0.8%	4	4.0%	1	0.3%	0	0.0%	1	0.5%
Mount Hope	17	2.3%	1	1.0%	14	3.6%	1	1.9%	1	0.5%
Mount Pleasant	11	1.5%	7	7.0%	3	0.8%	0	0.0%	1	0.5%
Olneyville	79	10.8%	4	4.0%	41	10.5%	3	5.7%	31	16.3%
Reservoir	4	0.5%	1	1.0%	1	0.3%	0	0.0%	2	1.1%
Silver Lake	30	4.1%	5	5.0%	21	5.4%	0	0.0%	4	2.1%
Smith Hill	59	8.0%	7	7.0%	33	8.5%	2	3.8%	17	8.9%
South Elmwood	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper So. Prov.	62	8.5%	11	11.0%	33	8.5%	6	11.3%	12	6.3%
Valley	17	2.3%	0	0.0%	9	2.3%	0	0.0%	8	4.2%
Wanskuck	27	3.7%	3	3.0%	14	3.6%	1	1.9%	9	4.7%
Wash. Park	19	2.6%	5	5.0%	7	1.8%	1	1.9%	6	3.2%
Wayland	1	0.1%	0	0.0%	1	0.3%	0	0.0%	0	0.0%
West End	137	18.7%	17	17.0%	76	19.5%	11	20.8%	33	17.4%

Data Provided by Department of Inspections and Standards, December 1996

Vacant and Abandoned Structures



map produced by The Providence Plan
data provided by Dept. of Inspections & Standards
December 1996

When the property boom hit in the 1980s, Providence attracted many outside investors. The downturn in the early 1990s has shaken some of these investors out of the market, but there still remains a large contingent of absentee landlords, of which some abandon or do not properly maintain their properties. Focus group participants recited stories of tenants unable to contact landlords, landlords who do not respond to tenant requests for repairs, and absentee owners with histories of property mismanagement who are able to purchase more property. State legislation was passed in 1996 that requires rental agents to have local addresses, although it has yet to be implemented. Providence has had such a requirement in place for some time, but it is not enforced.

An issue that is a subset of the abandoned property problem concerns back taxes. In several interviews, lack of forgiveness of back taxes on abandoned properties was reported to stand in the way of improving these properties. The City considers back taxes owed to be assets, while in many cases it is unrealistic that the taxes will ever be paid by their current owners. In some cases, there are individuals or nonprofits willing to rehabilitate these properties, but requirements to pay back taxes make assuming ownership financially impossible.

Code Enforcement. Individuals from focus groups, interviews, and the Working Group cited code enforcement problems as a key issue. Two major issues were identified. First, focus group participants and interviewees maintain that the vast majority of housing code violations are in investor-owned properties and concentrated in lower income neighborhoods. These properties are a major destabilizing factor threatening those neighborhoods and one that inhibits other neighborhood investment. The second issue is that the major, repeat offenders often avoid taking corrective action because they are able to "work the system." The perception of some interviewees and focus group participants is that the problem lies with inadequate inspection and enforcement procedures, while others who are directly involved in the housing delivery system maintain that the Housing Court fails to consistently apply legal sanctions to problem property owners.

The challenge is to create a coordinated housing code enforcement and judicial system through which code violations are quickly and effectively corrected. A better means of tracking problem properties and their owners through the entire system will facilitate efforts to bring about compliance. Attention should be directed to citing the most serious offenders, applying consistent administrative code enforcement procedures to bring about compliance, and applying consistent legal sanctions for those who fail to comply in a timely manner. Efforts should be made to prevent property investors from using the legal system to prolong and avoid housing code compliance; violators must know that non-compliance will be taken seriously and that prosecution and judgment will be swift and consistent.

Neighborhood Stabilization

Neighborhood stabilization requires work on several fronts. Policy-makers agree that homeownership is integral to stable neighborhoods and that the number of homeowners in Providence must be expanded. At the same time, the needs of existing homeowners must be met in order to retain these households. Finally, a large and important part of the Providence housing market is its renters. This group ranges from low-income households, to students, to newcomers to the City, to temporary residents. Obviously, not all of these households can or want to be homeowners. Therefore, a quality and sound rental stock is essential to the City's prosperity. The following section is divided into these three challenges: expanding homeownership, supporting existing homeowners, and preserving the rental stock.

Expanding Homeownership

Homeownership is a critical element for strong neighborhoods and must be expanded through targeted and strategic programs. Certainly this is in line with HUD's stance and its National Homeownership Strategy. Increasing the level of homeownership in troubled neighborhoods can help maintain adjacent, more stable neighborhoods. The maps on the following pages show (1) the owner-occupancy rate for housing structures for each neighborhood compared to the citywide average of 62 percent, and (2) the number of owner-occupants needed to meet the citywide average.

Experts agree that there is no typical homebuyer for whom a "one-size-fits-all" program will apply. Instead, homebuyer programs must address a variety of challenges and needs as listed below:

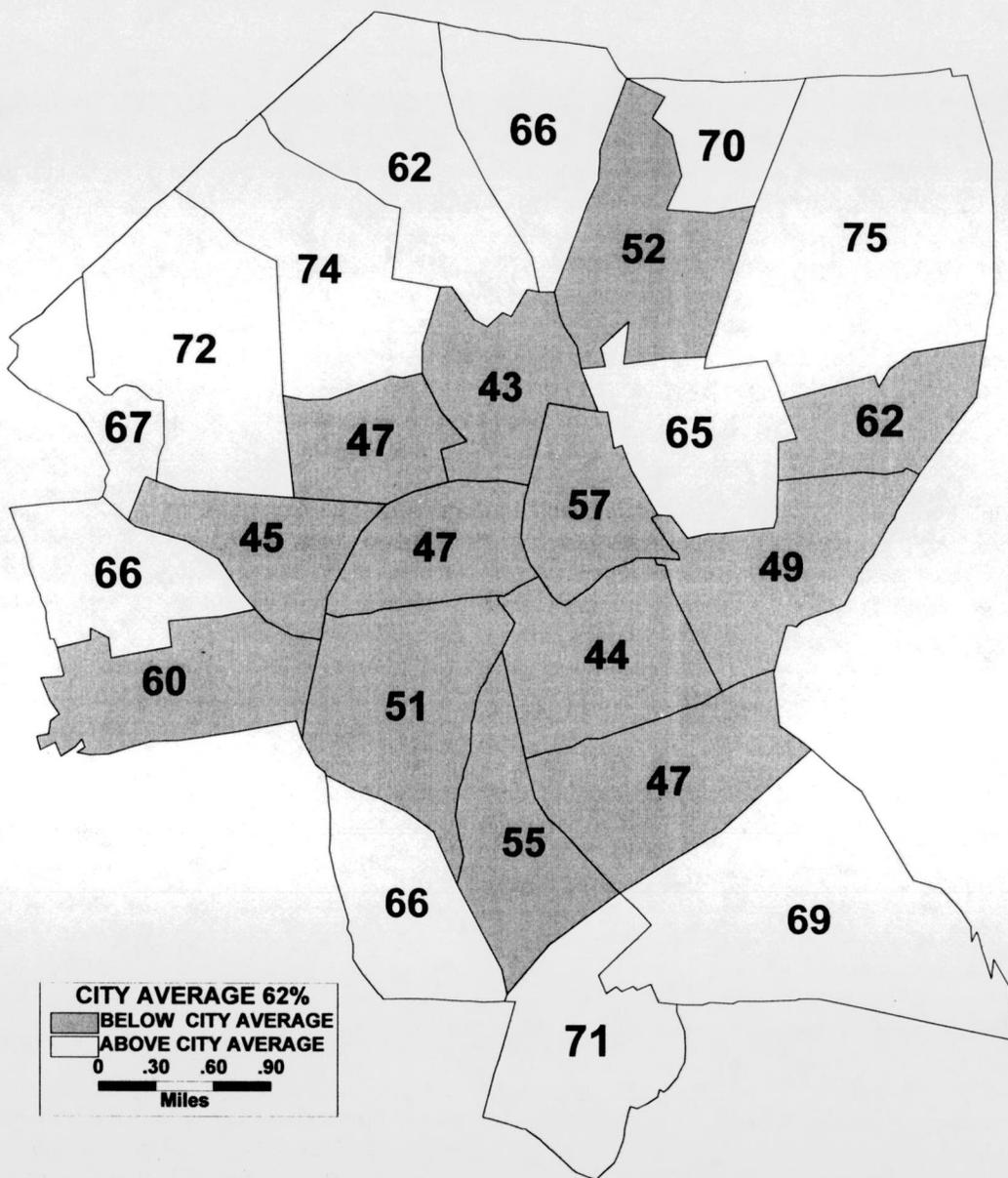
- ◆ Both home purchase assistance and writing down development costs (e.g., through gap financing) are required to make homeownership a reality for low-income residents.
- ◆ Because use of public money is restricted to low- and moderate-income households, a more flexible set of funds is needed to respond to the housing needs of the middle-income population.
- ◆ Many residents assume homeownership is out of reach. Homeowner counseling and education can help more residents realize that "the American dream" is within reach.
- ◆ A diverse population needs cultural sensitivity and awareness on the part of lenders who aren't accustomed to the practices of other cultures, particularly in regard to credit. Savings patterns, extended family households that include members who could contribute to housing expenses, and other details that affect household finances differ from culture to culture.
- ◆ Changes in age and immigration demographics indicate a growing first time homebuyer market.
- ◆ Insurance, especially for multi-family houses, is expensive and provides poor coverage. This acts as a significant barrier, particularly in a city with so many multi-family houses.
- ◆ The 203(k) purchase-rehab loan program has not been widely used. Potential barriers to the use of this program need to be addressed.
- ◆ Concern over the quality of Providence public schools is considered a major impediment to homebuying, followed by crime and noise.

Supporting Existing Homeowners

Providence must retain a significant portion of existing homeowners in order for the efforts at expanding homeownership to be most effective. Gains will not come about if new homeowners simply replace out-moving homeowners. Furthermore, the cultural diversity that earlier generations of residents brought to Providence is a part of the City's appeal. And the more established residents also help to stabilize tax revenues and income levels. Some of the challenges to supporting existing homeowners are listed below:

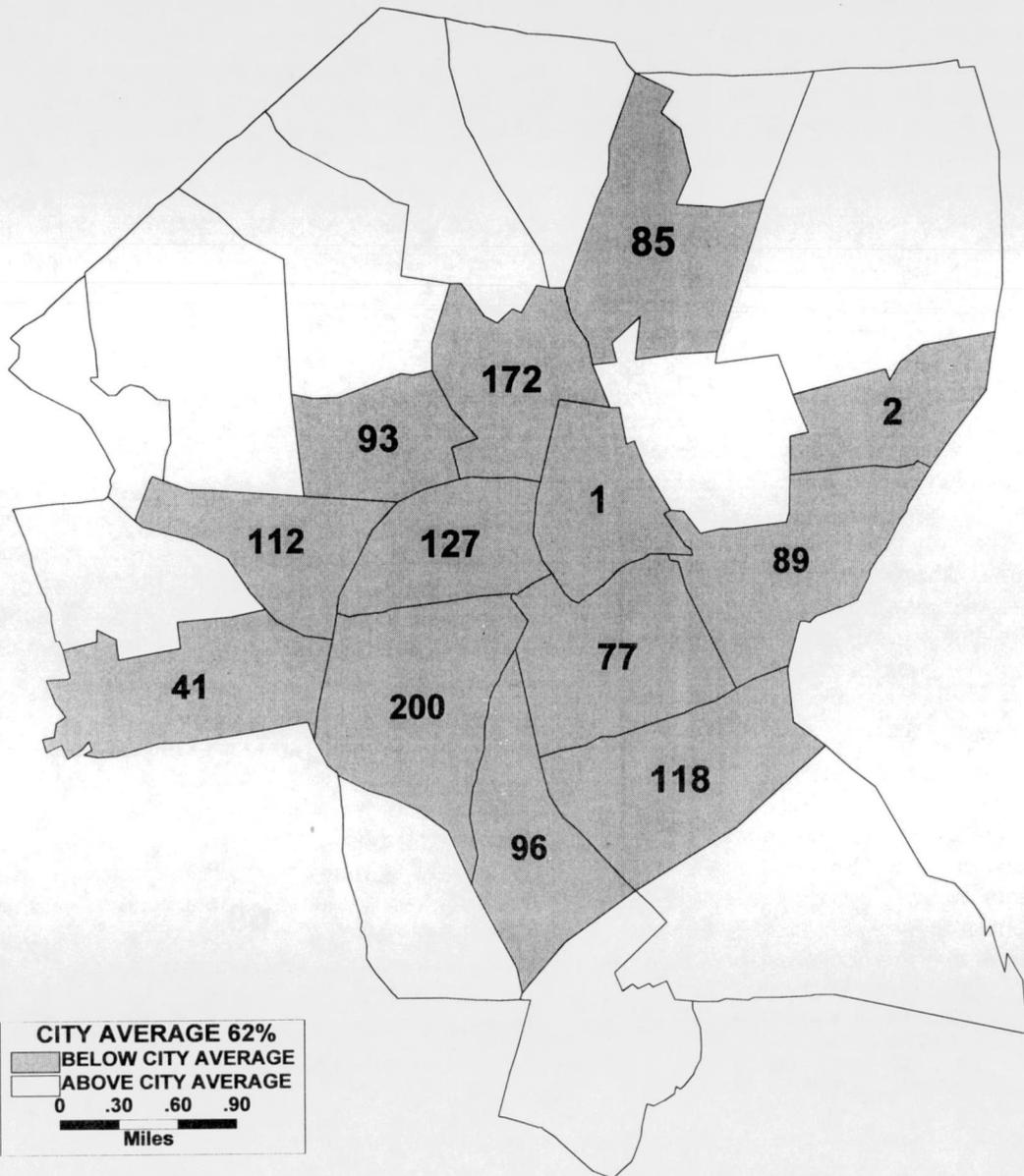
- ◆ **Home Maintenance:** The City currently lacks an effective homeowner repair program. The homeowner repair program run by PPHC served over 300 households since 1993, over half as amortized loans. However, that program is now out of funds. The replacement program, Bank It! Fix It!, organized by PPHC and run through the banks, has not made loans at anywhere near the same rate. Since its inception in 1996, approximately a dozen loans have closed; too stringent criteria seems to be the main barrier. RIHMFC also administers a home repair program. Several interviewees stated this program's income and other criteria makes it inaccessible to many residents; the record of just 39 loans from 1992 to 1995 offers proof of these assertions.

Owner-Occupancy Rates of Housing Structures by Neighborhood (Citywide Average 62%)



map produced by The Providence Plan
 data provided by Department of Planning and Development
 October 1996

Number of Owner Occupants Needed to Meet Citywide Average (62%)



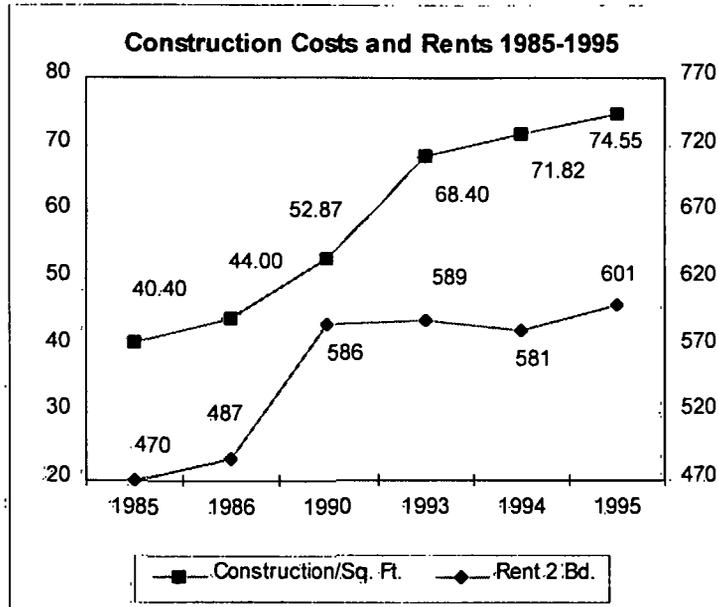
map produced by The Providence Plan
data provided by Department of Planning and Development
October 1996

- ◆ **Education:** In focus groups and interviews with housing providers and consumers, there was cited a need for follow-up programs to assist inexperienced first time homebuyers with maintenance and mortgage concerns. Because even minor house repairs and maintenance are often a new experience for first time buyers, providing advice and direction can prevent more serious problems.
- ◆ **Foreclosure:** In situations of layered risk, counseling and guidance is an important foreclosure prevention step. National trends indicate that borrowers in affordable housing programs are delinquent at two to three times the rate of standard mortgages. This is a trend with considerable ramifications for Providence with its large low-income population. This problem may be further complicated in Providence because of the multi-family nature of the housing stock. Mortgages on multi-family structures show higher foreclosure rates than single-family mortgages. RIHMFC reports that statewide, loans on both single-family and duplexes default at a rate of between 1 and 2 percent. In comparison, loans for three- and four-family houses are in default at a rate of 5 to 6 percent. RIHMFC attributes these higher foreclosure rates to loss of rental income. Multi-family homebuyers are underwritten utilizing rental incomes as a source of repayment. When circumstances result in the loss of that income, the borrower's other income is insufficient to cover mortgage obligations.
- ◆ **Schools:** In almost all of the focus group discussions, the quality of the City's public schools was raised as the primary barrier to retaining middle-income households. Crime and noise were mentioned as well, but to a much lesser degree. Providing a quality education is often the linchpin to retaining moderate to middle-income households. The school challenge comes in two forms: (1) to ensure that the City's public schools are able to provide quality education, and (2) to change the public perception, when it is in error, regarding the schools. When pushed on the topic, interviewees and focus group participants listed several good schools. Even where these good schools exist, they are often overlooked because of the overwhelming negative public perception regarding the overall quality of the City's schools. The existence of good schools must be better publicized at the same time efforts are made to improve lower quality schools.

Preserve and Maintain the Rental Housing Stock

Given that only 21,000 of the city's 65,000 dwelling units are single-family homes, rental housing is an important component of the housing stock. While homeownership plays an important role in providing stability to both neighborhoods and households, not everyone can or wants to be a homeowner. Quality rental opportunities must continue to play an important role in meeting residents' housing needs. Rental housing in two- and three-family houses accounts for a major segment of the housing stock in Providence. Furthermore, over half of all multi-family units are in structures that are not owner-occupied. Some of the challenges to be overcome include:

- ◆ No repair program exists to help investor-owners of rental properties with repair problems.
- ◆ The over 2,000 expiring use rental units have the potential to strongly impact the rental markets.
- ◆ Disparity between construction costs and expected rental incomes places limitations on development (see chart on following page).
- ◆ Downtown rental housing has been overlooked for the part it plays in meeting housing needs. The recent discussions for artists lofts are steps in the right direction.



Source: Rhode Island Housing
 Construction Costs represent square foot costs for single-family construction, costs for multi-family run approximately 10% higher.

Several challenges related to rental housing need further elaboration. They are:

Preserving Public Housing: Public housing should be recognized as an important element of the community. Furthermore, public housing developments are vital as their own communities. The Providence Housing Authority has nearly completed a successful rehab of its housing inventory; these efforts must be able to continue in an era of changes and cuts in government budgets. Tenant groups can play an important role in preserving public housing.

Subsidized Rental Units: Some privately-run subsidized housing developments (2-6 unit buildings) were cited by focus group and Working Group participants as causing problems for their neighborhoods. (It should be noted, however, that some housing developments, such as the special needs housing cited in the assets section of this report, offer prime examples of subsidized housing that benefits neighborhoods.) Above-market rents, poor maintenance, and inadequate tenant review were all stated to be destabilizing influences. The City needs policies that hold HUD, RIHMFC, and private landlords accountable for impacts and management of these properties. Policy and programs cannot continue to reward those landlords who are contributing to neighborhood deterioration by enabling them to develop new projects. Furthermore, policies must work to balance citywide and regional distribution of subsidized housing so that no community is overly concentrated.

Uncertainties for Assisted Rent Contracts: The subsidized housing sector is complex and has many uncertainties, including the impacts of Congressional budgetary changes. According to the Providence office of HUD, Providence has 4,749 project-based units under various rental contracts (Section 8, Section 202, and Section 811) in 58 developments. Many of these subsidized units face threats as their affordability restrictions expire. Should owners of these projects prepay the outstanding mortgages on these properties, several thousand low income use restrictions could potentially expire within the next ten years on these federally-assisted, privately-owned units.

These privately managed projects are a major element in subsidized housing. They are funded either through RIHMFC or HUD and provide both elderly and family housing. In Rhode Island, these projects generally have 20 year HUD Housing Assistance Payment (HAP) Contracts and 30-40 year mortgages. As the HAP (which are at 140 percent of Fair Market Rents (FMR)) expire, HUD will not renew at the same amount. It is expected the HAP will be renewed at 120 percent for annual contracts. Typical projects with rents close to \$850 monthly will be reduced to \$600.

As the developments will have less money for operations, it is expected there will be a cutback in services as well as reserves. This, in turn, may put pressure on the City for services and tax reductions. In Providence, it is expected that owners will opt for the HUD 120 percent program rather than the open market. Either way, expiring use is a challenge with major ramifications for the City.

Affordability: Many renters encounter significant financial burdens. In 1994, the most recent year for which data exists, approximately 39 percent of renters experienced housing cost burden. According to the 1994 RIHMFC rental survey, the average rent in Providence was \$560. Therefore, a household would need an income of at least \$22,400 to keep housing costs to 30 percent of gross income. Median renter income in 1994 for Providence was \$19,552 which indicates that over half of Providence renters are at potential risk of housing cost burden.

Housing the Homeless, the Elderly, and Persons with Special Needs

The City has done an admirable job with housing the homeless and has been very supportive of persons with HIV and AIDS. Still, special needs providers say there is unmet need.

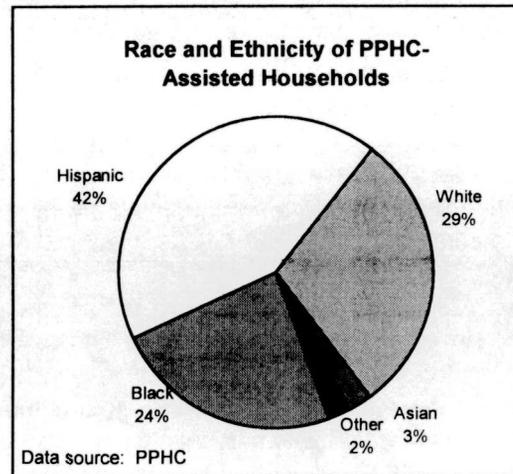
- ◆ Macauley Village, a 23 unit transitional housing development for single-parent families, has a two-year waiting list. On the first day they advertised the new facility, 3,000 applied for 23 slots.
- ◆ Domestic violence workers stated that an ombudsperson is needed to facilitate housing disputes. This is particularly important for survivors of domestic violence, as they often do not have the skills to handle confrontational landlord / tenant relations.
- ◆ Although the YMCA has a 177-unit facility, it still has a substantial waiting list. Plans by Advent House, a provider of homeless housing, to convert the former Gemini Hotel into a 57-unit shelter is another indication of unmet need.
- ◆ The latest reports by homeless advocates maintain that 1996 changes in federal welfare policies will put greater numbers of people at risk for homelessness. Based on current data, the RI Coalition for the Homeless expects that the imposition of minimum rents, the elimination of SSI payments to persons disabled by substance abuse (effective as of January 1, 1997), and the suspension of federal preferences for housing will create measurable new homelessness in the coming year. Major changes to AFDC and Medicaid and public housing deregulation, if passed, may result in dramatic increases in homelessness over the next several years.
- ◆ Housing guidelines that place elderly and disabled in the same facilities create conflict arising from the mismatched lifestyles.
- ◆ Most of the Section 8 expiring use projects house the elderly; if these are allowed to expire then many in Providence's low-income elderly population will face a serious housing crisis.

- ◆ More work needs to be done to assist the elderly to stay in their homes, i.e., to “age in place.” Not only is that often the location of choice for these seniors, but their presence adds to the diversity and stability of neighborhoods.

Continuing Housing Progress

Under the leadership of Mayor Cianci, and with the support of the City Council, housing in Providence has been given greater attention. It was the Mayor’s initiative that led to the inception of PPHC and brought a new focus to housing. The Mayor shaped an agreement to use tax increment financing to funnel the bond proceeds from the Narragansett Electric Manchester Station into a major housing revitalization campaign. This housing campaign, through the work of the Providence Plan Housing Corporation and neighborhood community development corporations, helped households become homeowners and fix up existing housing; facilitated neighborhood revitalization, rehabilitation of problem properties, and construction of new homes through neighborhood community development corporations and other housing nonprofits; improved the condition of the public housing stock; and cleared many abandoned properties. The challenge now is to continue this progress. The question is whether it should be continued within the same operational structure. The objective is to deliver housing programs through efficient, targeted measures that reach consumers *and* also improve the quality of housing in neighborhoods.

The Providence Plan Housing Corporation has been a major participant in the housing delivery system in the past few years. This agency made homeownership a reality for many households for whom that was formerly just a dream, including many from traditionally underserved segments of the population. The profile of the low- and moderate-income buyers who received assistance, shown in the chart to the right, includes a high percentage of minority households.



As the adjacent table shows, the vast majority of participants in the PPHC Home Purchase Assistance Program earn between \$15,000 and \$34,999 per year. Households within this income range may have the ability to make monthly mortgage payments but are often unable to save enough money for the downpayment. A downpayment assistance program such as this enables households to become homeowners that would not otherwise be able to purchase homes.

Income Distribution	% of PPHC Homebuyers*
\$5,000-\$9,999	0.24%
\$10,000-\$14,999	6.9%
\$15,000-\$24,999	49.6%
\$25,000-\$34,999	34.3%
\$35,000-\$49,999	8.8%

*Total homebuyers in calculation equals 412
Data source: PPHC.

PPHC has helped more than 400 low- and moderate-income households purchase homes by providing closing cost and downpayment assistance; provided homebuyer education to approximately 600 potential homeowners; made home repair loans to more than 300 homeowners; administered funding for the “Paint the Town” program that provided grants to 1,600

homeowners; administered federal HOME funds; and has acquired, demolished, rehabilitated, developed and sold more properties than any other nonprofit housing developer during the three years since its inception.

Despite the many successes achieved by PPHC, there has been criticism as well. First, there was the problem of roles and responsibilities for delivery of services. Study participants observed that PPHC's activities did not correspond to its mission, particularly in the realm of housing development. PPHC's role as a developer was in conflict both with its role as "a banker" and with the development done by CDCs. Participants in the housing policy review observed that these conflicting roles account for much of the lack of coordination between housing providers in the City and have also added to the City's bureaucracy, causing confusion for both consumers and agencies. Several stated that, instead of trying to perform several roles within the housing delivery system, (i.e. banker, developer, and consumer advocate), the agency should have concentrated on low cost loans and helping consumers through the system.

Another area of concern was the use of funds, beginning with the perceived lack of an initial plan to spend the funds. In an effort to address the City's housing needs, and to get the funds into the neighborhoods quickly, there was insufficient up-front planning. Furthermore, participants stated that PPHC did not sufficiently leverage the funds it had been budgeted. Others said that PPHC spent too much on rehabs and that the development program was not sufficiently targeted to make a neighborhood impact. Finally, some CDC leaders believed that grant awards were inconsistent and displayed a lack of familiarity with neighborhoods.

The last problem area pertains to cost and duplication. It costs approximately \$1 million to operate the agency even under a reduced budget. Participants expressed concern that maintenance of PPHC as a separate agency not only added to the City's bureaucracy, but it created redundant administrative costs in a era of tight budgeting.

PPHC is only one player in housing programming and implementation. Community development corporations have also played a major role in providing homeownership and rental opportunities that have revitalized neighborhoods. Yet they are not problem-free, either. During the study, participants criticized CDCs for not always performing up to expectations and questioned whether some should continue to receive funding. Some CDCs are funded annually without any measurable housing output to justify continuing funding. The Department of Planning and Development was also criticized; especially for its lack of leadership in overcoming the disjunction between the participants in the City's housing delivery system, and for the absence of housing planning.

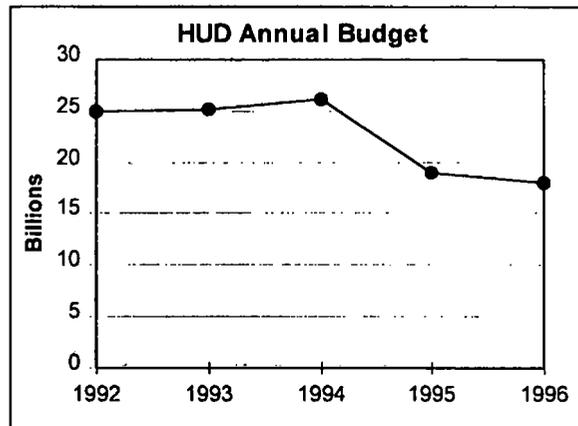
Today's environment and the ability to meet ongoing housing needs call for greater efficiency, partnering, and flexibility. The advances made to date must not be allowed to atrophy. Instead, the diverse agencies, nonprofits, and community leaders must come together as partners to build on existing momentum and the City must continue to include a housing focus in its policies. In that way, there will be a greater likelihood that more residents' dreams will become reality, residents housing needs will be met, neighborhoods will be revitalized and stabilized, and the City will flourish.

Diminishing Resources

The primary catalyst for this study was the depletion of funds for PPHC. Yet it is not just local resources that have diminished. Across the board, public money is less available.

Federal. In the late 1970s the annual federal budget for affordable housing averaged \$33.8 billion; in fiscal year 1995 funding was less than \$20 billion. These cutbacks take several forms.

- ◆ The fiscal 1996 federal budget allots zero dollars to new rental certificates and vouchers. At the same time, demand is rising as housing costs continue to outpace wages.
- ◆ Federal funding is moving from categorical grant programs to block grants. While this will allow more flexibility at the local level, overall housing apportionment is decreasing. The City will be asked to do more with fewer resources.

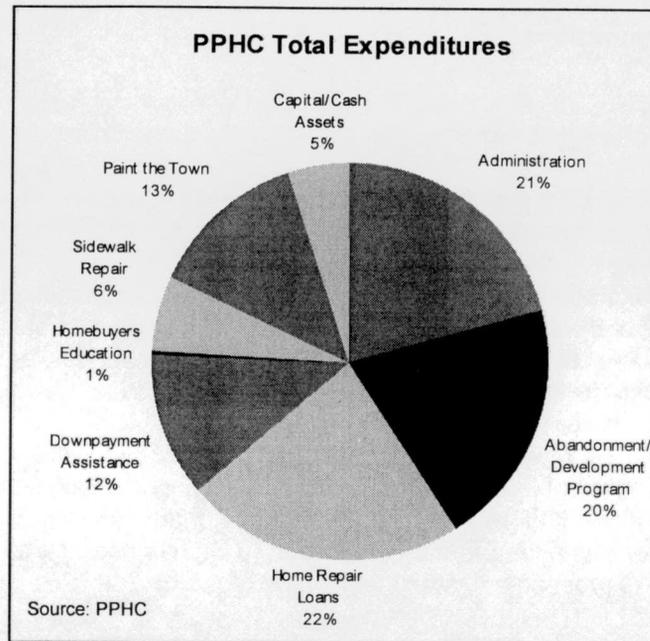


State. From the state level, a key source of housing funds is Rhode Island Housing (RIHMF). This statewide nonprofit mortgage finance corporation provides flexible housing programs such as downpayment assistance, interest rate buy-downs, and targeted loans from its profits. A major drain on RIHMF's profits has been that the State has not fulfilled its contractual obligations under the State Rental Subsidy Program, which costs \$4 million annually. As the State continues to cut into RIHMF's resources, RIHMF's ability to support affordable housing will be diminished.

The State has also not provided a stream of tax revenues dedicated to addressing the range of housing needs. Housing and environmental advocates were successful in the early 1990s in getting legislation passed to establish the Rhode Island Housing and Conservation Trust Fund (HCTF). Plans called for this trust fund to funnel tax revenues into meeting housing needs and conserving open space. However the state has yet to fund the HCTF.

City. The City has several challenges before it regarding resources—both in terms of the amount of resources and their use.

- ◆ The most obvious and immediate problem is that the original fund established for PPHC is now depleted. PPHC spent the \$20 million generated through bond money on programs, projects, and administrative costs.
- ◆ Housing programs in Providence have historically emphasized grants and deferred loans rather than amortized loans. PPHC operated accordingly. While their expenditures, ranging from abandoned building acquisition, demolition, and rehabilitation to home repair loans to new construction to Citywide Paint and Sidewalk programs, made significant advances in improving the housing stock and individuals lives, other than a segment of home repair money, most of the \$20 million fund was delivered as grants and deferred loans.
- ◆ The neighborhood improvement bond approved by the voters in November 1996 offers an opportunity and a challenge to change how business is done.



- ◆ Gap financing for development continues to be needed to make homeownership a reality for low-income residents.
- ◆ The lack of performance standards makes it difficult to assess whether nonprofit developers have met housing and community development objectives and, therefore, whether money was distributed in the most effective ratio. Performance standards should be used as a guide for public funds. Without set criteria and consistent evaluation, there is no way to monitor output and effectiveness and to evaluate the organizational capacity of these developers.
- ◆ There are opportunities to combine housing resources and build a whole that is greater than the sum of its parts. Currently there is little coordination among funders. Consolidated funds, public-private partnerships, and targeted programs could all work to leverage more investment and maximize outcomes. In particular, the flexibility of private funds is needed to respond to middle-income housing needs.

Housing as a Tool for Expanding Economic Opportunities

Housing has long been acknowledged as an indicator of, and input into, the economy's health. The design, construction, and rehabilitation of homes employs local labor and puts money into the local economy in a number of ways. City funding of housing projects and programs should not end with the initial investment. Policies are needed that ensure that public funds are used to create a multiplier effect that benefits City residents.

Policies need to pay special attention to minority access to business and job opportunities. It is a problem that the City is currently without a minority business enforcement compliance officer. Focus group participants assert that because the City lacks a minority business enforcement compliance officer, no one is available to ascertain that jobs attained through minority preference requirements meet minority staff regulations. Study participants also observed that when minorities are hired, it is often for lower-level functions rather than as general contractors. The

City's challenge is to form stronger ties between minorities and the mainstream housing industry so that economic opportunities continue to expand.

Revamping the Delivery System

The housing delivery system has been a major focus of this study. Through interviews, focus groups, and discussions several problem areas have come to light.

Coordination. All persons interviewed highlighted the lack of coordination as a major problem in developing, funding, and implementing programs. This deficiency is linked to an absence of a clear definition of roles, responsibilities, and mission of the various agencies involved in the housing delivery system, as well as inadequate communication channels and duplication of efforts.

Competition. The current delivery system encourages competition rather than cooperation among agencies. The dual role of the Providence Plan Housing Corporation (PPHC) as developer and banker has added to the competition. This has been particularly felt by the CDCs, some of which have expressed a mistrust for PPHC.

Confusion. Because of the competition and a lack of coordination, both consumers and agents in the current system find themselves floundering. Consumers receive different and sometimes conflicting directions. Public agents, too, are disadvantaged in their efforts to coordinate projects.

Planning function. No department currently has clear responsibility for housing planning. While the City has a housing component in its comprehensive plan, this component has not provided guidance for the delivery system. Once the responsibility for housing was transferred from DPD to PPHC, the aegis for housing planning was lost. The City needs an ongoing housing planning function that tracks and analyzes data, understands the dynamics of the market, follows the condition of housing, develops strategies, and recommends realistic priorities.

Performance standards. Missing from the current system is a way to measure the output of those charged to deliver housing and related services in the City, and the output of programs that directly serve consumers. Performance standards would provide a way to distribute funds to nonprofit housing organizations according to their ability to produce, and to modify or eliminate programs that do not meet objectives. However, criteria also need to consider the "urban customer services" performed by CDCs, not just the number of units produced. These performance standards would guide the City Council in their deliberations on allotments of public money.

Predictability. Finally, long range planning is hampered by a lack of predictability in the present system. It is difficult for revitalization efforts to reach critical mass when next year's funding is uncertain. And it is just as difficult for funders to guarantee support when plans do not identify clear goals and criteria for measuring success.

FOUR: ISSUES, OBJECTIVES, AND STRATEGIES

The following is a listing of the major issues, objectives, and recommended strategies that resulted from the Working Group's analysis of the City's challenges, assets, and opportunities. Some of these recommendations are presented in greater detail in Chapters Five and Six while others are introduced here and will require additional development. The recommendations cover strategies for housing policies and programs, as well as for restructuring the housing delivery system. An implementation schedule for all recommendations is provided in Chapter Seven.

The team analyzed information generated in focus groups, interviews, and through data review and combined this with experience and knowledge of best practices. For each of the identified issues, an objective and a set of strategies were put forward. The Working Group amended these as necessary and established priorities. The final set of recommendations is provided here. These recommendations represent a comprehensive approach to housing; comprehensive in that (1) housing is seen as one tool in an overall plan for revitalization; and (2) specific programs must inter-relate so that a seamless system is created.

Issue: Strategies are needed that work in a neighborhood context and strive to create an atmosphere of cooperation among the neighborhoods.

Objective: Develop citywide policies and programs that ensure the continued strength of Providence's neighborhoods.

Strategies:

1. Build and continue to support strong neighborhood-based associations which provide a support system that encourages people to make Providence their home.
2. Elevate the status of neighborhood planning by creating an organization of neighborhood associations that will encourage interaction and cooperation within and among neighborhoods and has standing within the City's planning and policy structure.
3. Create an environment that ensures fair housing practices and goals are built into all policies and that opportunities are available in all neighborhoods.
4. Balance the creation of homeownership and rental opportunities to protect the integrity of neighborhoods.
5. Develop strategies for affirmative housing programs and enforcement of fair housing laws.
6. Create a City marketing strategy based on both neighborhood strengths and Providence's assets. This marketing strategy must work on two levels: a) it recognizes that strong neighborhood-based associations are a key selling advantage and b) it sells the City as a whole as a destination point.

Issue: Homeownership, a critical element for strong neighborhoods, needs to be expanded through targeted and strategic programs.

Objective A: Expand opportunities for homeownership as the major vehicle for stabilizing and revitalizing neighborhoods.

Strategies:

1. Continue and expand programs that target homeownership opportunities to low- and moderate-income households.
 - ◆ Use CDBG, HOME, Bond, and State Housing Trust Fund dollars to capitalize a revolving loan fund that provides downpayment and closing costs assistance to low- and moderate-income households.
 - ◆ Promote programs that develop the supply of affordable, single- or multi-family housing through either new construction or rehabilitation and that emphasize neighborhood context and stabilization, stock and historic preservation, and local control.
2. Include incentives for middle income households to purchase homes as a crucial element to stabilization by developing and promoting an employer-assisted housing program for major employers, including the City. This program may include savings plans, transaction cost assistance, downpayment assistance, mortgage rate reduction and homebuyer counseling.
3. Establish a citywide, neighborhood-based homebuyer education program.
4. Expand the reach of the current 203(k) purchase/rehab program.
5. Establish a "Twos and Threes" program. Recognizing that approximately 45 percent of Providence housing structures are two- and three-family houses and that more than half of these are not owner-occupied, create a program that encourages owner-occupancy and rehabilitation of two- and three-family houses and, thereby, helps to stabilize rental stock.
6. Apply for a HUD Homeownership Zone designation.
7. Aggressively reach out to new immigrants and the increasing minority population, who are a key component of the potential homebuying market.
8. Create a study commission to investigate insurance barriers in lower income neighborhoods to address the issues of costs, availability, equity, and quality of coverage.
9. Provide incentives for households to save for the express purpose of buying a home:
 - ◆ Encourage lenders to establish savings plans whereby the lender provides enhanced savings rates or preferred customer mortgage terms.
 - ◆ Increase recognition and acceptance of cultural variances in savings patterns.
10. Create flexible mortgage products:
 - ◆ Review lending and appraisal guidelines to identify barriers to mortgage financing.
 - ◆ Encourage lending institutions flexibility in home mortgage loan-to-value requirements.

Objective B: Provide assistance to existing owner-occupants.

Strategies:

1. Create home repair revolving loan programs, using City, private, and / or Rhode Island Housing funds, with eligibility and interest rates dependent on stepped levels of criteria based on household need.
 - ◆ Create a Repair and "Paint-Your-House-For-Life" program that utilizes revolving loans for most recipients and restricting grants to those with the lowest income.
 - ◆ Create an employer-assisted home repair program.

2. Provide post-purchase and foreclosure-prevention counseling, especially for new homebuyers, with the objective of preventing defaults and assisting with maintenance issues. Build on the existing efforts of RIHMFC and PPHC. Components should include:
 - ◆ Workshops and individual counseling on financial management, consumer credit counseling, landlord/tenant issues, health and safety, capital maintenance and improvements.
 - ◆ Homeowner services and resources such as qualified contractor lists, inspections, rehab and repair assistance.
3. Include lead abatement and education as key citywide programs.
4. Investigate ways to help elders stay in their homes.
 - ◆ Continue education programs to encourage use of existing reverse mortgage programs, such as RIHMFC's HECM program.
 - ◆ Develop a senior home repair / chore program.
 - ◆ Coordinate social services to enable elders to age in place.

Issue: Preserving and maintaining rental housing is integral to a healthy housing stock and an important component in meeting affordable housing needs.

Objective: Preserve and develop rental opportunities including public and assisted housing, strengthen the rental housing stock and market, and recognize the value of public housing as a vital community element.

Strategies:

1. Expand opportunities and resources for new and rehabilitated rental projects which emphasize neighborhood context and stabilization, stock and historic preservation, adaptive reuse of nonresidential buildings, and local ownership.
2. Provide rehabilitation loans for two- and three-family houses that may be either investor-owned rental properties, with appropriate safeguards, or owner-occupied rental properties.
3. Include lead abatement and education as key citywide programs.
4. Require accountability from Rhode Island Housing, HUD, and private developers and managers of publicly subsidized projects for strict management standards and fair rent levels at these projects.
5. Enhance the capacity of tenant groups in preserving assisted housing.
6. Support a strategy for affirmative housing programs and enforcement of fair housing laws.
7. Review strategies for the location of subsidized rental projects to ensure equitable citywide and regional distribution.
8. Work with HUD, Rhode Island Housing, and DPD to establish policies that prevent developers with a history of poor quality projects from developing additional projects as long as previous problems remain.
9. Ensure the capacity of the Providence Housing Authority to continue maintenance and rehabilitation of its housing inventory.
10. Build management capacity for small investor-owners.
11. Work with HUD and the Congressional delegation to cushion effects of expiring use Section 8 units.
12. Work with developers and lenders to create mortgage products that encourage the development of rental housing downtown.

Issue: Code enforcement problems were cited across the spectrum of housing constituents, from property owners to housing providers to public officials, as a key issue.

Objective: Ensure that code violations are quickly and effectively corrected.

Strategies:

1. The housing court and code enforcement process must be reformed to ensure better compliance with housing codes. Efforts should be made to prevent property investors, particularly repeat offenders and those with the most severe violations, from using the system to prolong and avoid housing code compliance. In particular, a better means of tracking problem properties and their owners should be instituted, and consistent penalties must be imposed on violators.
2. Ensure that the Department of Inspections and Standards has the technological and human resources to achieve code compliance goals, and that sufficient resources are available to support the Department's efforts to maintain an up-to-date database of all vacant and abandoned buildings and to computerize its records of inspections and code violations.
3. Appoint representatives from the Department of Inspections and Standards and the Housing Court to the Housing Cabinet to help coordinate their efforts.

Issue: Vacant and abandoned properties are a blighting influence and a major barrier for neighborhood revitalization.

Objective: Convert vacant and abandoned properties into assets.

Strategies:

1. Create acquisition, rehabilitation, and demolition strategies, based on both citywide and neighborhood priorities, that follow properties through the entire process of reaching a long-term solution, from selection and acquisition, to rehabilitation, infill new construction, or other preferred land reuse.
 - ◆ Establish a "Ten Most Wanted" program wherein neighborhood residents select and prioritize the properties to be targeted for demolition or rehabilitation. Residents would work with neighborhood organizations, elected officials, preservationists, building inspection and public safety officials, and developers to plan rehabilitation and reuse of vacant properties.
 - ◆ Offer vacant lots to abutters in return for maintenance.
 - ◆ Offer vacant and abandoned properties to neighborhood community development corporations or non-profit providers.
 - ◆ Establish a land bank for demolished properties wherein the city condemns and demolishes property or condemns and conveys property with agreement that landbanker will demolish and maintain property.
 - ◆ Maximize the Providence Redevelopment Authority's ability to condemn and take control of abandoned and problem properties.
2. Revise City policy with respect to back taxes due on properties to accommodate revitalization efforts.
3. Streamline legal procedures that are barriers to acquisition of problem properties.
4. Implement computerized systems that facilitate access to property ownership information.
5. Incorporate appropriate Vacant Lot Task Force recommendations into the City's housing policy.

Issue: Special and elderly needs must be accommodated within the City's housing policy.

Objective: Provide flexible housing opportunities for homeless persons, persons with other special needs, and the elderly.

Strategies:

1. Include special need and elderly providers in ongoing policy and program discussion.
2. Formalize the relationship between special needs and other housing providers.
3. Encourage the development of affordable, elderly, assisted living programs.
4. Utilize programs that enable the elder population to safely and successfully age in place.
5. Investigate ways to address conflicts between the needs of the elderly and the mentally or substance disabled in combined living facilities.
6. Give nonprofit special needs providers technical assistance to continue to develop housing to meet their constituents' needs.

Issue: Resources are diminishing and there is no source of consistent funds.

Objective A: Create a multi-source, self-replenishing, housing fund that encourages partnerships.

Strategies:

- 1a. Using multiple sources, fund existing Rhode Island Housing and Conservation Trust Fund.
or
- 1b. Create a new, state-level trust fund limited to housing with funds going directly to municipalities: dedicated, multi-source funding.
2. Create a Providence Consolidated Housing Fund that is capitalized by pooling portions of public monies in one place.
3. Require the allocation of funds to nonprofits or for consumer-based programs be according to a performance-based system with the criteria established by joint efforts of funders and fund recipients.
4. Place a high priority on revolving loans as the basis for home repair/paint/homeownership programs.
5. Streamline the funding for housing nonprofits by establishing a coordinated schedule and using a common application.
6. Encourage the state to dedicate funds from general revenues for housing purposes.

Objective B: Increase the City's capacity to leverage additional funds.

Strategies:

1. Build the Providence Consolidated Housing Fund by partnering with banks, private mortgage companies, foundations, RIHMFC, LISC, and local employers.
2. Work with Rhode Island Housing to implement a mutually agreed upon strategy that highlights the funds that the agency directs to Providence and strengthens the impact of those funds.
3. Maintain a separate non-profit Board of Directors for PPHC so that the agency is in a position to bring in private funds.

Issue: The delivery system is in need of a major overhaul.

Objective: Deliver housing resources more effectively and efficiently with a unified, coordinated strategy that capitalizes on neighborhood assets and prioritizes neighborhood need.

Strategies:

1. Establish a clear line of roles, resources, and responsibilities in the housing delivery system.
- 2a. Give PPHC responsibility for overseeing the Providence Consolidated Housing Fund, the City's homeownership assistance programs, and building CDC and nonprofit housing capacity. Continue to operate PPHC as a separate, but scaled-back, citywide nonprofit housing agency,
or
- 2b. Give PPHC the responsibilities listed under option 2a, but merge PPHC with the Department of Planning and Development while maintaining a separate Board.
3. Establish a Housing Cabinet, with quarterly meetings, as a mechanism for the exchange of information, cooperation, monitoring, and evaluation of housing delivery among City departments.
4. Establish a Housing Partnership as a mechanism to bring together public and private parties in the housing delivery system for ongoing discussion and evaluation of policy and programs.
5. Elevate housing planning within DPD, with a dedicated staff to provide ongoing data collection, analysis, evaluation, and planning.
6. Strengthen CDCs and other housing nonprofits as a major tool focusing on a neighborhood approach to housing development, providing technical assistance and encouraging these organizations to share services and merge where appropriate.
7. Incorporate performance-based funding into the delivery system that includes business plans and measurable objectives.
8. Change criteria for funding organizations to allow CDCs and housing nonprofits to provide a broader spectrum of neighborhood housing-oriented services.
9. Utilize the City regulatory powers (land use planning, zoning, and code ordinances) in the delivery system to protect and stabilize neighborhood integrity.
10. Ensure that barriers to minority participation in housing delivery are eliminated.
 - ◆ Ensure that minority communities have roles in housing leadership, representation, and decision-making.
 - ◆ Perform the function of minority business enforcement compliance officer which is presently designated but not staffed.
 - ◆ Improve access to general contractor jobs, working capital, and bonding by minority contractors.
11. Expand economic opportunity by encouraging the hiring of Providence residents when investing in housing development.
12. Eliminate confusion for consumers and agencies involved in the housing delivery system.
 - ◆ Create a One Stop Shop in the Department of Planning and Development to be the central source for housing information and guidance for consumers as well as public agencies.
 - ◆ Establish a coordinated citywide system of homebuyers' clubs, at the neighborhood level, that provides multi-lingual education on buying and maintaining a home.
 - ◆ Create an ombudsperson function within DPD to resolve housing conflicts.

FIVE: RESTRUCTURING THE DELIVERY ENVIRONMENT

One distinction between this report and previous housing studies for Providence is the assessment of the housing delivery environment; that is, the system that produces housing and delivers housing resources and programs. In order for the housing-specific programs identified in this report to prevail, today's climate requires a reorganized delivery and resource structure. A reengineered system should emphasize coordination, cooperation, consistency, and flexibility. Nationwide best practices utilize methods that rely on these characteristics to produce housing and deliver housing resources and programs more efficiently and effectively.

Functions.

Members of the Working Group and participants from every focus group agree that the current environment needs improvement. The discussions held by the Working Group led to identification of the following five primary functions within the housing delivery environment:

- ◆ Policy and Strategy Development
- ◆ Neighborhood Planning
- ◆ Resource Development and Allocation
- ◆ Project Development
- ◆ Program Delivery

Desired Outcomes.

The Working Group seeks a system that renders the following outcomes as it performs those functions:

- ◆ Coordination among all participants, public and private, in the housing delivery system.
- ◆ Coordination of neighborhood plans and strategies with a citywide plan.
- ◆ Increased delivery capacity of neighborhood-based organizations.
- ◆ Predictable, self-replenishing, and dedicated resources.
- ◆ Greater accountability and objectivity in the process.
 - ◆ Consistent standards for performance-based funding
 - ◆ Review and evaluation of plans, programs and organizations
- ◆ A consistent and seamless system to administer funds.
- ◆ Effective use of resources.
- ◆ Clarity and simplicity.

Comments from the focus groups and interviews:

"Define clear roles and link players in a strategy."

"Success is contingent on the City's ability to leverage resources."

"The system needs objectivity, consistency, and strict standards in awarding contracts."

"Give neighborhoods input into planning."

"Eliminate confusion."

In considering the changes that should be made to improve the effectiveness of the system, we must recognize the need to: (1.) keep the system as *simple* as possible ("fewer moving parts"); (2.) improve *coordination* among agencies and organizations; (3.) encourage *cooperation* among

organizations that have related goals; (4.) identify the desired *outcomes* that should result from the system, not simply the "outputs"; (5.) support a strong *neighborhood-based planning* process; (6.) develop the *capacity* of neighborhood-based organizations and businesses; and (7.) develop a *predictable* process for allocating resources via *consistent performance-based standards*.

There are two major, inter-related, areas within the delivery environment—the resource system and the delivery system. Both were assessed for ways in which they could be restructured and coordinated.

Resources

There are two primary aspects related to resources: (1) how to secure funding, and (2) what to do with it once acquired. Both are addressed below.

1. Securing Funding.

A major recommendation from the Housing Policy Working Group is to create a source of funds that is *predictable, replenished, and dedicated*. The housing policy team recommends that housing programs be funded in the following ways:

A. Create a Providence Consolidated Housing Fund: The first funding element is *predictability*. Towards this end, the City should create a Providence Consolidated Housing Fund (PCHF) to bring stability and coherence to the financing of housing programs. A combination of CDBG, HOME, and Bond Funds can capitalize the PCHF. Other sources will include any funds remaining in the coffers of PPHC. There are also the existing downpayment and repair programs (Banc Links II and Bank It! Fix It!) that already utilize City funds and which can work, with perhaps some modification to these programs, to expand the reach of the PCHF.

Presently the City receives about \$1.8 million in HOME funds annually, and \$7.7 million in CDBG funds. Of the CDBG money, approximately \$1.2 million has been used for housing and neighborhood services. This includes staffing, projects, and approximately \$800,000 for operating local neighborhood community development corporations. If the City dedicated \$1.0 million in CDBG for housing, that could be combined with the \$1.8 million in HOME funds, for \$2.8 million annually in a fund for housing programs and operating costs.

Furthermore, the City residents have just approved a \$50 million bond issue of which \$7 million has been tentatively planned for housing programs. In addition to home repair programs, a comprehensive program of eliminating abandoned houses was part of the proposed bond program. It is recommended that \$7 million be used to capitalize, over a four year period, the PCHF. In addition to home repair and an abandonment program, the Fund will be used for downpayment assistance, housing development, and most importantly, to leverage other private and public sources. This potential to leverage private money is a significant benefit of the PCHF. The long term objective of the PCHF is to achieve a dollar for dollar match of City sources with a combination of private and additional public funds. The immediate objective is to use the approximately \$18.2 million of public money put into the Fund over the next four years to leverage an additional \$13 million.

B. Shift from Grants to Loans: To create a fund that is *replenished*, it is recommended that consumer assistance for downpayment assistance, home repairs, and the paint program shift from grants to revolving loans. Loan options include deferred loans for participants with the

greatest needs, and stepped-rate low-interest amortized loans for others, depending on income. The funds paid back from these loans could replenish the fund so it can continue operating with smaller infusions of capital after the first few years, or could be used as a source of fund growth. Other communities and the Providence Preservation Society Revolving Fund have had good experience in building up and sustaining local, loan-based, housing rehabilitation funds. The initial PPHC repair program was a combination of deferred and amortized loans which return funds to PPHC. The current Bank It! Fix It! Program, while loan-based, does not return monies back into the fund but instead directs interest into the banks' profits and the principal into reserves. When the fund is depleted, it will need re-capitalization to continue. Providence should have a citywide revolving loan fund for all consumer-oriented housing programs, including home repair and downpayment assistance.

- C. **A State Level Housing Trust Fund:** The *dedicated* element of the restructured resource system will come from having a dependable stream of funds into the PCHF. In part, this will come from the HOME and CDBG portions of the PCHF. However, additional income is needed. For this and other reasons, the time is ripe for another attempt at funding a state level housing trust fund (HTF). In 1990, the state created the Rhode Island Housing and Conservation Trust Fund; however, no funding sources were identified. In 1991, a legislative commission reviewed alternatives for capitalizing trust funds and providing a dedicated revenue stream. They considered numerous options and made a number of recommendations to provide funds. These included:

- ◆ Income derived from interest on escrow accounts
- ◆ Interest earned on utility deposits
- ◆ An increase in the Real Estate Conveyance Tax
- ◆ A \$10 million general obligation bond

These efforts were unsuccessful. However, as the federal government withdraws support for affordable housing, reconsideration becomes imperative. As cities receive fewer resources from HUD, 1997 may be the opportune time to renew the initiative for a Housing Trust Fund. The choice is between either capitalizing the existing fund, which also supports conservation projects, or creating a new fund strictly for housing. A study conducted in 1991 estimated that income from utility deposit interest and an increase in the conveyance tax would generate about \$2.4 million annually; if Providence's share was 25 percent, this would equal an annual income of \$600,000 for the City.

Over thirty states and numerous counties and municipalities have created housing trust funds. Such funds have emerged as the primary vehicle to finance affordable housing programs throughout the country. HTFs are a response to the shrinking of federal programs. Revenue sources come in five categories:

- ◆ *Capitalization* identifies any funds committed for the purpose of getting a fund started. This is always a one time commitment.
- ◆ *Dedicated Revenues Sources* are those funds that are committed to the fund on an ongoing basis and do not include annual appropriations.
- ◆ *Other Appropriated Funds* include any funds appropriated on a regular or irregular basis.
- ◆ *Other Funds* include any funds that go in at various times, and may include a foundation commitment of program funds.
- ◆ *Other Funds Administered* include any funds which the housing trust fund may administer such as HOME or CDBG, but which remain distinct from the housing trust fund.

In whatever form the HTF assumes, there should not be reliance on one source of funds--the HTF should be multi-sourced with income drawn from more than one sector. Rhode Island conducted studies in 1987 and 1991 to review potential sources of funds and anticipated revenues. The missing element was enactment.

The table below summarizes how the City's housing funds could be leveraged to attract additional dollars and how these funds could be used for housing programs. See Chapter Seven for further details on the allocation of these funds.

Program	Total City/Match	Output	Average Amount of Assistance
Homebuyer Assistance	\$2 million/\$2 million	200/yr. limited # as deferred loans, remaining as low-interest revolving loans	\$5,000/household
Owner-occupant Assistance	\$4 million/\$4 million	Home Repair: 125/yr. Paint: 300/yr. limited # as deferred loans, remaining as low-interest revolving loans	Home Repair: \$10,000/unit Paint: \$2,500/building
Abandonment	\$4.75 million/\$2 million	Phase 1: 250 properties Phase 2: ongoing program	Phase 1: \$20,000-\$30,000/building Phase 2: additional funds required
Develop Properties for Homeownership and Rental Housing	\$3.15 million /\$2.5 million	75 units/year for homeownership/rental 25-30 additional units/year for special needs	\$15,000-\$20,000/unit \$3,500/unit
Preserve Neighborhood-based Investor Rental Housing	\$1.1 million/\$1.5 million	65 units/year	\$10,000/unit
CDC Operation Costs / Capacity Building	\$3.2 million/\$1 million	Housing development, "urban customer service"	Depends on performance

2. Allocation: Balancing the needs of households with neighborhoods.

An important part of restructuring the delivery environment is the process used to distribute housing dollars. This is not an easy task, as funds must support citywide goals and neighborhood-based needs. The key question in making allocation decisions is: "Who's the client?" When the client is the individual, as in programs designed for low- to moderate-income or special needs households, then the focus is citywide. When the client is the neighborhood, then a targeted approach is appropriate to have the greatest impact in those areas of most need. As each neighborhood has its own priorities, it cannot be expected that a uniform set of criteria for prioritization would apply from one neighborhood to the next. With limited resources there must be a way of prioritizing how those resources are to be allocated across the city.

There are two objectives to the recommendation put forward here: 1) to facilitate the decision-making process for funding, and 2) to more effectively utilize limited dollars. This

would be accomplished by establishing ways for the public to provide input into determining neighborhood and citywide priorities and, therefore, providing direct guidance to City Council members as to how funds should be allocated. At the same time, this policy report calls for the institution of policy guidelines and performance-based funding criteria that distribute funds in a rational manner to achieve the greatest impact and to focus projects. The following steps are recommended:

1. determine what the priorities are within each neighborhood,
2. determine which of the neighborhood priorities have precedence relative to one another,
3. determine citywide needs and fund citywide housing programs accordingly,
4. make specific funding decisions based on a combination of citywide needs and neighborhood priorities.

These steps could help the City move towards a citywide, program-driven resource allocation process rather than a process driven by requests for specific projects or organizations. The priorities that emerge from the neighborhood-based planning process would be viewed by DPD within a comprehensive citywide scope to ensure that the needs of residents are met. The neighborhood-based plans and priorities, in combination with the citywide oversight and coordination provided by DPD, could then inform and guide the Mayor and the City Council in making decisions related to housing. Recommendations would be made by DPD to the City Council to fund broad, citywide housing programs, and the neighborhood priorities and citywide needs would determine how, and the degree to which, those approved program dollars would be spent.

As suggested above, the City's housing and community development money, or some portion of it, could be pooled and supplemented by outside matching funds to create a Providence Consolidated Housing Fund. A consistent set of performance-based funding criteria, with measurable outcomes, needs to be agreed to and followed to direct the allocation of resources from the Fund to neighborhoods and citywide programs.

Performance standards for CDCs would include housing production as well as the delivery of a variety of other "urban customer services" that are essential to revitalizing and stabilizing neighborhoods. Marketing, community outreach, and education are services that need to be provided to support housing plans. Funding requests would be based on "neighborhood business plans" that clearly state what the CDC will use the money for: housing production, the provision of other housing-related services, and/or other community development activities. These business plans would grow out of the neighborhood-based planning process. Continued funding of organizations would depend on their performance record and their potential to maintain or build capacity, with respect to the performance standards. Fund recipients must be held accountable for the money they receive.

The Delivery System

The major components of a redefined delivery system are summarized directly below; additional details for some of these components follow.

- ◆ **Housing Cabinet** – City administration's mechanism for (1.) coordinating the departments responsible for carrying out its housing and neighborhood agendas, and (2.) advising the Mayor on housing and neighborhood policy. Made up of heads of all departments related to housing and neighborhood infrastructure.

- ◆ **Providence Housing Partnership** -- Public/private/community partnership that provides a "table" around which a regular, ongoing housing dialogue can take place. Would review and recommend policies, strategies, and programs, but would have no direct authority or implementation responsibilities. The Partnership would, however, have responsibility for monitoring and evaluating the implementation of the recommendations stated in the Housing Policy Report, and for holding designated entities accountable for their respective responsibilities. The Partnership could be convened and staffed by The Providence Plan.
- ◆ **Department of Planning and Development** -- City agency with primary responsibility for housing and neighborhood planning, as well as responsibility for making sure that the necessary programs get delivered. Would not necessarily run all of the programs, but may delegate responsibilities or contract with others.
- ◆ **PPHC** -- Citywide non-profit housing entity with responsibility for overseeing the City's consolidated housing fund, the City's homeownership assistance programs, and building the capacity of neighborhood-based organizations to develop housing and deliver related services. A strong, diverse non-profit board would direct the agency's mission and programs, be responsible for overseeing the organization's funds, and enable the organization to attract private funds.

Given the near depletion of operating funds for PPHC, there are essentially two options that would enable the organization to carry out the responsibilities mentioned above:

- (1.) continue to operate as a separate, but scaled-back, non-profit housing agency, or
- (2.) merge its operations with DPD but retain its non-profit status and a separate board.

Further operational details and some of the advantages of each option are presented later in this section.

- ◆ **The Housing Court and Code Enforcement** -- A system is needed that coordinates the efforts of these two entities to prevent property owners from prolonging corrective actions to code violations. Property owners need to know that identification of code violations will be followed up by consistent prosecution if violations aren't corrected in a timely manner.
- ◆ **Community Development Corporations and other Non-profits** -- Neighborhood-based organizations develop housing and deliver housing and neighborhood services, market the neighborhoods, and provide input to and/or facilitate the neighborhood planning process.
- ◆ **Local For-profit Developers and Contractors** -- An important component of a neighborhood-based housing delivery system and an avenue which will expand economic opportunity for local residents.

Housing Cabinet.

A body consisting of the department heads of all City agencies that relate to housing and neighborhood infrastructure should be convened on a regular basis to provide an ongoing means of coordinating the related priorities and activities of the agencies, and to serve as an advisory body to the Mayor on housing issues in Providence. The Cabinet could include the directors of the following City departments and agencies:

Department of Planning and Development
Inspections and Standards / Code Enforcement
Parks Department
Providence Housing Authority

Public Works
Tax Assessor
Tax Collector
Water Supply Board

In addition, the following could serve on the Cabinet:

Director or Board Chairman of the Providence Plan Housing Corporation¹
Commissioner of Public Safety
Housing Court Administrator
Mayor's Policy Advisor
Executive Director of The Providence Plan

Housing Cabinet meetings would provide a structured means of exchanging pertinent information among all of the City's decision-makers in a consistent manner, with no department being left out of the loop. Bringing the group together on a regular, ongoing basis would also ensure that the relevance and effectiveness of policies and programs would be monitored continuously and, if necessary, adapted as the City's needs and priorities change. Committees could be formed to give special attention to particular issues and could include relevant non-Cabinet members. For example, the City's Commissioner of Public Safety recently convened officials from the Department of Inspections and Standards / Code Enforcement, the Fire Department, the Police Department, and the State safety officials to coordinate the work of agencies that are working on issues related to both public safety and abandoned buildings. Such meetings, held on a regular basis, would enable detailed information to be exchanged and joint strategies to be worked out, thereby sharing resources to addressing common problems. Committees would work on specific details and report back to the Cabinet.

The Housing Cabinet would meet regularly, report to the Mayor, and issue an annual report to the Mayor and the City Council. This report would provide public accountability regarding how well the City administration is doing with respect to carrying out its housing policy and programs. The production of this report could be coordinated with the production of the annual CHAS report and the ongoing work of the Housing Partnership (see below) to create an overall update on physical, market, and social / demographic conditions; an assessment of how well the City's current policies and programs are meeting their objectives; and possible recommendations for modifications and new directions to be taken. This coordinated process should also allow for the Cabinet's annual reports to be subject to a broader review by others involved in the delivery system, including the City Council.

Providence Housing Partnership.

The Providence Housing Partnership, to be comprised of representatives of the private, public, and community sectors, would function as a vehicle for the ongoing discussion of housing issues. As such, it would act as a housing policy council to the City. It would not be given any authority for developing policies or direct responsibility for implementing programs, but it would be the primary entity responsible for recommending policies and strategies. The Partnership would, however, have responsibility for monitoring and evaluating the implementation of the recommendations stated in this Housing Policy Report, and for holding designated entities accountable for their respective responsibilities. The Housing Partnership would add value to the delivery system by providing a single forum for discussing and working out housing issues at a broader level than the Housing Cabinet is intended to provide. The Partnership would be

¹ See the section titled "Proposed Changes to PPHC" later in this chapter.

convened by The Providence Plan, would meet regularly, and would include, but not be limited to, members of the Housing Policy Working Group who helped to shape this Housing Policy Report. It would be a true partnership of the key participants in the housing delivery system, not dominated by any one sector.

The Housing Court and Code Enforcement.

A system is needed that better coordinates code enforcement and judicial procedures such that code violations are quickly and effectively corrected. A better means of tracking problem properties and their owners through the entire system will facilitate efforts to bring about compliance. Attention should be directed to citing the most serious offenders, applying consistent administrative code enforcement procedures to bring about compliance, and applying consistent legal sanctions for those who fail to comply in a timely manner. Efforts should be made to prevent property investors from using the legal system to prolong and avoid housing code compliance; violators must know that non-compliance will be taken seriously and that prosecution and judgment will be swift and consistent.

Planning.

The overall mission that has come out of the Working Group discussions is to develop housing policies and programs as a means of stabilizing and revitalizing neighborhoods while seeking to promote a diversity of housing opportunities throughout the city. The Working Group has agreed that housing planning should be done at a neighborhood level and within a neighborhood context, and that there must also be a citywide overview of all of the individual neighborhood plans.

The City is mandated by city ordinance and state law to develop comprehensive neighborhood plans. Yet, there needs to be a clear understanding as to what planning is, and what DPD's role should be, within the context of housing and neighborhoods. Roles for DPD would include:

- ◆ overall responsibility for development of neighborhood and housing plans
- ◆ help CDCs, other non-profits and neighborhood-based organizations identify neighborhood goals
- ◆ determine whether there is sufficient capacity within the neighborhoods to develop and implement plans
- ◆ responsibility for coordinating all of the neighborhood plans and priorities at a citywide level
- ◆ responsibility for the implementation of specific programs to carry out the goals of the neighborhood plans
- ◆ serve as a "one-stop shop" for all housing and neighborhood planning and development (see "Proposed Changes to PPHC", below); not all programs would have to be run out of DPD, but it would be the one place that agencies and consumers could go to coordinate the planning and development process and to get information
- ◆ DPD may decide that it is appropriate to delegate some of its program implementation responsibilities or enter into contracts with other organizations to run programs

It will take some time, perhaps several years of neighborhood organizing, to develop sufficient capacity within each neighborhood to have a truly neighborhood-based, bottom-up planning process. DPD would not be responsible for the neighborhood organizing, but would work closely with the existing and emerging neighborhood-based organizations that would result. Once the capacity has been established, priorities could be set and plans could be developed from within

each neighborhood with input from neighborhood residents and neighborhood-based organizations, and with the direct involvement of City Council members. This would create a process that would enable a neighborhood consensus to emerge, thus sending a clear message as to what the priorities are within each neighborhood. Elected officials could use the neighborhood priorities as clear reasons for making allocation decisions, making it easier to say "yes" or "no" to particular funding requests.

Proposed Changes to PPHC.

Several options for PPHC's roles and responsibilities and its relationship to the rest of the housing delivery system have been considered by the Working Group; this has been a major focus of the Group's work. In fact, the Working Group held four work sessions dedicated to analyzing various models for the delivery system. These options ranged from maintaining the status quo, to eliminating PPHC, to creating a separate housing department, to merging PPHC within the Department of Planning and Development, to reconstituting PPHC into a "Providence Housing Finance Corporation" focused on homebuyer education and the consumer finance functions of the delivery system (i.e., home purchase assistance and home improvement programs).² The overriding concerns for the Working Group were to maintain the City's commitment to housing, particularly the successful efforts to increase homeownership opportunities, and to maximize scarce resources. With these goals in mind, and given that PPHC's operating funds are nearly depleted, the Working Group agreed to present two possible options for the continued operation of PPHC:

- (1.) continue to operate as a separate, but scaled-back, non-profit housing agency,
 or
- (2.) merge its operations with DPD but retain its non-profit status and a separate board.

In either case, this Citywide non-profit housing entity could be given responsibility for overseeing the City's consolidated housing fund, the City's homeownership assistance programs, and building the capacity of neighborhood-based organizations to develop housing and deliver related services. A core staff of experienced professionals would oversee these functions and could enter into contracts with other entities to ensure implementation. The staff should reflect the diversity of the population the agency serves and could be funded through a combination of some or all of the following sources: HOME funds, CDBG funds, bond funds, loan fees, and other sources. Additional funds from cash on hand and the sale of PPHC's assets, totaling approximately \$1 million, can provide initial capitalization for the reconstituted agency. A strong, diverse non-profit board that includes representatives from the community, private business, funders, financial institutions, and the City Council would direct the agency's mission and programs, be responsible for overseeing the organization's funds, and enable the organization to attract private funds.

Some of the advantages of each option are:

- ◆ Option 1 (operate as a separate agency):
 - gives high visibility to the City's commitment to housing
 - ensures greater consistency between past and future operations
 - maintains a clear line of responsibility between staff and board

² The proposal to create a "Providence Housing Finance Corporation" was submitted by the Executive Director of the Rhode Island Urban Project as a means of ensuring "that minority residents of the city of Providence are afforded the economic opportunity of home ownership." The text of the recommendation is included in Appendix D.

- ◆ Option 2 (merge operations with DPD but retain separate board):
 - maximizes scarce resources by sharing staff and reducing overhead costs
 - improves coordination between the City's planning and housing delivery functions
 - creates a "one-stop shop" to simplify procedures for consumers and other agencies

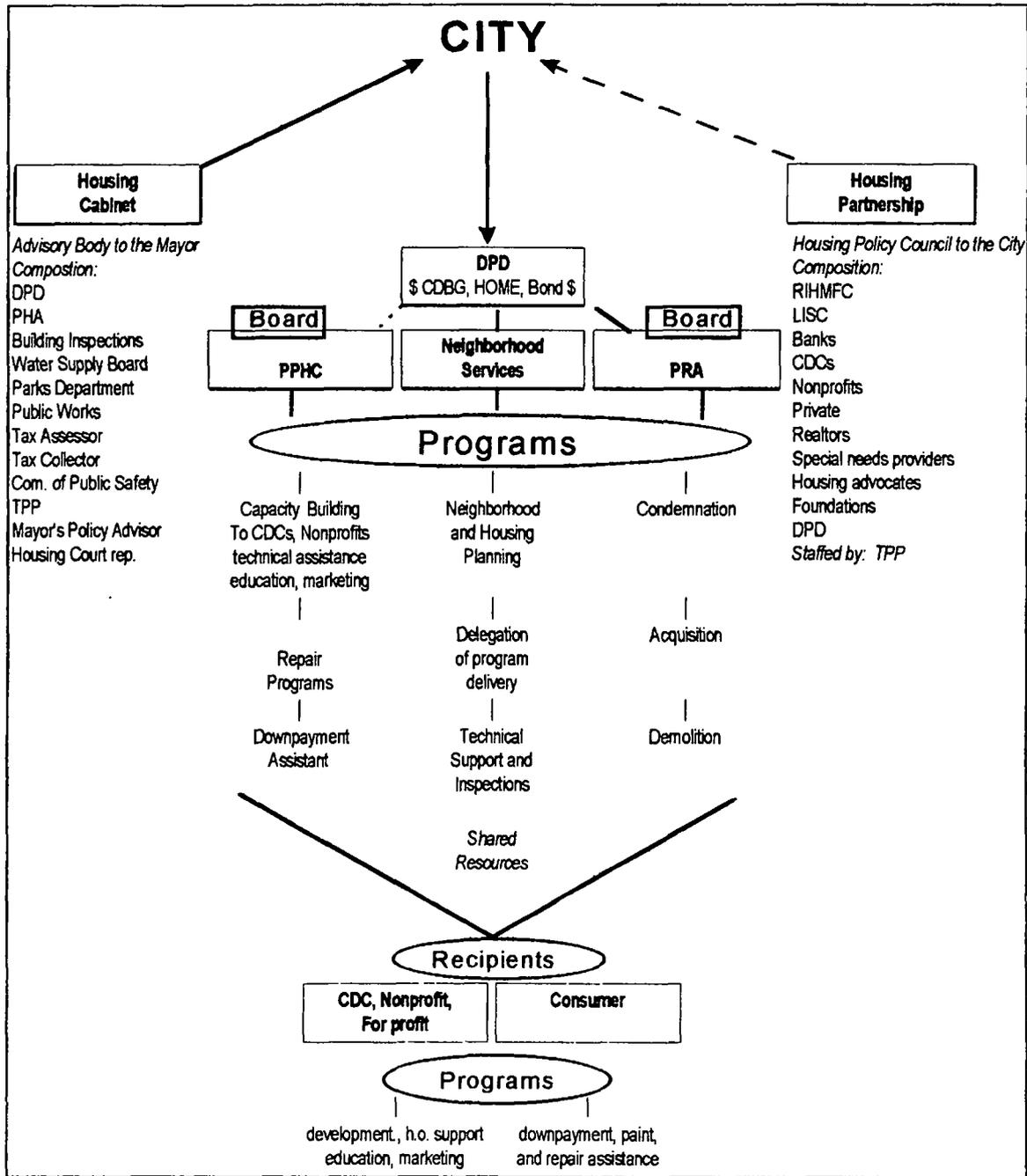
Summary of Possible Roles and Responsibilities of PPHC, under either option:

- ◆ run consumer programs
 - homeownership assistance
 - home repair assistance
 - homebuyer education
 - post-purchase assistance, including foreclosure prevention
- ◆ build capacity and provide technical assistance
 - build the capacity of neighborhood-based organizations to deliver the programs and services needed to carry out their neighborhood-based plans
 - build capacity of for-profit developers to participate in neighborhood stabilization
 - allocate funding, and possibly provide staff expertise, for technical assistance in development, marketing, home buyer education, etc.
 - staff could serve as a common resource to non-profits around the city that may have insufficient expertise, or that may not have a level of activity sufficient to support their own staff (e.g., in areas such as homebuyer education)
- ◆ administer multi-sourced Providence Consolidated Housing Fund
 - seek funds from private and other public sources
 - oversee performance-based funding process
 - oversee a streamlined funding process with a common application

Summary of changes to the delivery system

All of the City's housing efforts need to be coordinated, and they must also be coordinated with other efforts aimed at improving and stabilizing neighborhoods. The recommendations for restructuring the delivery system take significant steps towards improving this coordination. The Housing Cabinet will expedite communication between departments so that street, sidewalk, recreation, and housing improvements can come together in a targeted, seamless effort; housing plans will then be one part of a broader effort to revitalize and stabilize the city's neighborhoods. Strong neighborhood-based planning and implementation, with citywide coordination and oversight provided by DPD and PPHC (either as a completely separate organization or operationally merged with DPD) will ensure that housing planning and delivery play a major role in neighborhood stabilization. Furthermore, the Housing Partnership will function as the mechanism that facilitates ongoing private, nonprofit, and public coordination and collaboration toward reaching housing goals. The restructured system will bring synergy and coordination to the delivery system that consists of many important independent components. The figure on the next page illustrates the relationships that would exist within the proposed delivery system.

Schematic of Proposed Delivery System



Note: The dashed line drawn between PPHC and DPD indicates that the relationship between these organizations has not been determined. Two options for PPHC have been presented in this chapter, both of which would retain a non-profit board of directors to oversee the organization. The proposed options are: maintain a separate but scaled-back PPHC, or merge its operations with DPD. The functions performed by PPHC, as described in the text, would be the same under either option.

SIX: PRINCIPAL HOUSING PROGRAMS

Principal Strategies.

The many issues that surfaced throughout the housing policy review process, as described in Chapter Four, led to a focus on the following strategies that the City should adopt in order to stabilize its neighborhoods. Some of the principal housing programs are described in detail beginning on the next page. Integrated throughout all of these strategies must be fair housing objectives, recognition of diverse housing needs, and commitments that the City's housing dollars will expand economic opportunities in the communities where they are invested. The principal strategies, and the goals to be met, are:

- ◆ Increase homeownership in every neighborhood, particularly in areas below the citywide owner-occupancy rate.
Goal: Assist 200 new owner-occupants per year (approximately 20% of market).
- ◆ Provide assistance to existing owner-occupants.
Goal: Assist 425 existing owner-occupants per year.
- ◆ Take action against vacant and abandoned properties.
Goals: Target the 250 worst buildings, based on neighborhood priorities, for rehabilitation and selective demolition as needed.
Identify and improve the remaining abandoned properties on an ongoing basis.
- ◆ Develop properties for homeownership and neighborhood-based rental.
Goals: Create new opportunities for affordable homeownership in the city's neighborhoods by improving the existing stock and building new units as needed.
Improve living conditions for residents and support neighborhood stabilization efforts by creating high quality, affordable rental housing that is owned and maintained by neighborhood-based organizations, tenant-based organizations, or non-profit developers.
Provide for the elderly, homeless persons, and persons with other special needs.
Develop 75 units for homeownership and rental per year, combined.
Develop an average of 25 to 30 additional units of special needs housing per year.
- ◆ Preserve rental housing that promotes neighborhood stabilization.
Goals: Improve living conditions for residents and support neighborhood stabilization efforts by maintaining high quality, affordable rental housing, including public and subsidized housing.
Improve 65 units of investor-owned rental housing per year (assistance for owner-occupants addressed above).
- ◆ Increase neighborhood-based capacity to plan and implement strategies.
Goals: Enable priorities to be set from within the neighborhoods.
Direct funding to citywide programs based on neighborhood priorities.
Increase the capacity of neighborhood-based developers to produce affordable housing opportunities for homeownership and neighborhood-based rental.
Increase the number of city residents and small businesses benefiting from public investment in housing.
Increase the capacity of non-profit organizations to provide "urban customer service."

Principal Programs.

The remainder of this chapter describes some of the key housing programs recommended to meet these strategies. Some of these programs would help meet multiple strategies. A combination of neighborhood context and citywide impact must be considered when developing and implementing these programs. Furthermore, program application must consider the needs of a diverse population and the existence of a varied housing stock. As programs are developed, flexibility in income criteria, recognition of cultural differences, consideration of special populations, and the concerns and needs of renters, owners, and investors must be woven into specific program guidelines.

The programs described below, while they are principal recommendations of this report, should not be considered in isolation. They must be considered as only some of the ways in which the strategies and goals listed above can be met. Additional policy and program recommendations are presented in Chapter Four, and important recommendations for revamping the delivery system and improving the securing and allocation of resources are presented in Chapter Five. The housing programs presented here, however, will make significant progress in revitalizing and stabilizing the city's neighborhoods as they work to increase homeownership and improve the conditions of the existing housing stock.

Recommended homeownership programs include:

- ◆ Home Purchase Assistance
- ◆ Employer-Assisted Housing
- ◆ Citywide Marketing Campaign

Programs to improve the conditions of the existing rental and owner-occupied housing stock include:

- ◆ Consumer Home Repair and Paint Programs
- ◆ "Twos and Threes" Program (a combined ownership/rental strategy to improve the multi-family stock)
- ◆ Ongoing Vacant and Abandoned Property Program

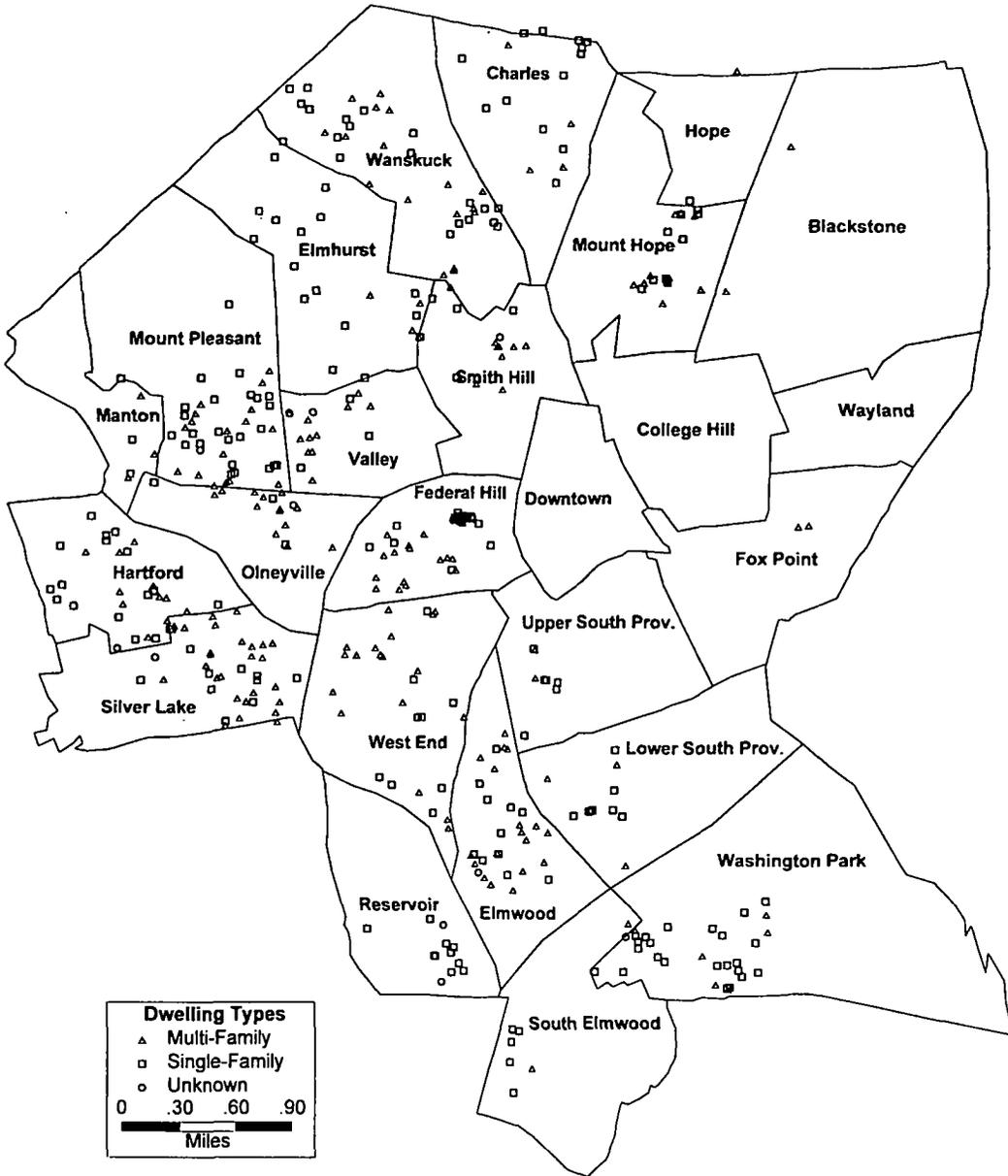
Most of the programs described below are loan-based rather than grant-based. The recommended policy shift from grants to loans discussed in the preceding chapter is one of the primary recommendations in this report. It is the mechanism that will allow these programs to endure and to grow.

Home Purchase Assistance Program

The downpayment and closing cost assistance program is the key to expanding homeownership to low- and moderate-income households. Many of these households have sufficient incomes to make monthly mortgage payments but may lack sufficient savings for downpayment and closing costs. From 1993 until 1996, PPHC assisted more than 400 households in 22 of the city's 25 neighborhoods in making the transition from renter to homeowner. The peak year was 1994, when 250 households were given assistance. The map on the following page illustrates the citywide impact of that program.

This study recommends that the City of Providence set an initial goal of assisting 200 new homeowners per year, through both a citywide home purchase assistance program and an employer-assisted housing program (see below). This number is derived from the experience of

Distribution of Homes Purchased With PPHC Assistance, 1993 thru 1996



map produced by The Providence Plan
data provided by the Providence Plan Housing Corp.
October 1996

PPHC over the past few years. PPHC estimates downpayment demand to be between 200 and 300 households per year, based on the log of annual inquiries combined with the number of households that eventually become loan-qualified. The team calculates that if the Providence Consolidated Housing Fund is capitalized as recommended, then the City should be able to meet this goal. The average amount of a downpayment loan through PPHC was \$5,491. If an average of \$5,000 is maintained, then, with approximately \$500,000 in public funds and an additional \$500,000 in matching funds available annually, 200 households per year will become new homeowners. This figure would account for approximately 20 percent of sales in the city; thus, the public resources committed to the program would leverage substantial private investment in the form of home mortgage money. Given the condition of the city's aging housing stock, efforts to assist homebuyers should also be linked to expanding the use of purchase/rehab loans, such as the 203(k) program.

"Since I was a boy, I always wanted a house with an upstairs and a staircase to live with my parents. My Mother and Father were always afraid of taking that big step with the American dream of homeownership.

I have always worked, but at moderate paying jobs, so I put the dream of owning a home on the back burner. Until PPHC came along. I found the perfect house with a staircase, and my Mother, who is a widow, is living with me.

I wish there was something like PPHC years ago, but its better late than never. Every time I walk up and down the staircase in my house, I am grateful for PPHC and Mayor Cianci. I feel like I died and went to heaven."

PPHC Homebuyers' Focus Group Participant

Employer-Assisted Housing Program

One of the more innovative programs recommended in this report is a citywide, centrally administered, employer-funded housing program, through which participating Providence employers would help their employees purchase homes in the city, or fix their homes or refinance their mortgages if they already own a home in Providence. An employer-assisted housing program would advance several goals simultaneously: it would promote homeownership throughout the city, help to stabilize the city in which the employers have invested, help retain middle class residents, and provide an incentive for employees to work for the Providence-based employers participating in the program.

The goals for the employer-assisted housing program are to include a variety of public, for-profit, and non-profit employers; to make the program available to employees of all income levels; and to be applicable to properties anywhere in the city, as long as the employee lives at the property. While the program will involve many employers and will be flexible enough to allow each of them to address their specific goals and needs, the multiple components will be unified as a coherent, centrally-administered, citywide program.

Employer assistance need not be limited to first-time buyers, and the program may be used to help existing homeowners, including home improvement incentives and refinancing assistance for owners carrying a heavy debt burden due to high interest rates. Employers should be able to offer a variety of financial assistance options to their employees, including, but not limited to, reduced closing costs, downpayment assistance, silent second mortgages, and interest rate reductions. The initial program will be developed in conjunction with Rhode Island Housing's

existing First Homes Program. That program would be available to employees who meet Rhode Island Housing's income guidelines, but a variety of mortgage products could be made available from Rhode Island Housing, conventional lenders, and the secondary market. These products could include purchase-rehab loans, special products for two- and three-family houses, special underwriting criteria, and favorable rates. Another important component of the program is homebuyer and landlord education to prepare first-time buyers for the responsibilities that accompany homeownership. Additional financial incentives could be provided to employees who complete an approved educational program.

Employees, their employers, and the City all stand to gain through the implementation of an employer-assisted housing program. Employees will clearly gain as the cost of owning a home is reduced. Employers who offer ownership incentives as an employee benefit would possibly increase their ability to attract and retain the employees they desire. Perhaps a more significant appeal to Providence-based employers is the fact that they could protect their long-term interest and investment by contributing to the stabilization of the city. Relatively small investments in a program that leads to the improvement and stabilization of the city's neighborhoods and residential real estate market can help to insure the larger investments that have already been made by the employers, particularly the substantial investments made by large institutions such as the hospitals and universities. Financial contributions to a housing program from large tax-exempt employers could be one way to help satisfy the City's request for payments in lieu of taxes, while providing the benefit of neighborhood stabilization that would result from an increase in the rate of homeownership.

The participation of a variety of employers from across the city will help to ensure that all of the city's neighborhoods will be affected, and that residents and potential residents from a variety of income levels will be reached. The key participants in this private/public partnership include Rhode Island Housing, lenders, employers, and the City of Providence -- the latter as an employer, funder, and key partner in the program. This citywide housing assistance program will be promoted as part of a larger campaign to market Providence and its neighborhoods as a desirable place to live.

Citywide Marketing Campaign

The city and its neighborhoods can benefit by increasing the proportion of its residents who are homeowners. Efforts should be made by the City to retain existing residents who might consider moving outside of the city to purchase a home, and to attract potential city residents who are considering purchasing a home in the metropolitan region. The City should work with the professional real estate community, the business community, and neighborhood organizations to market the city and its neighborhoods to potential home buyers. A marketing campaign could emphasize the strengths and assets of the city described in Chapter Two, such as the cultural diversity, strong neighborhoods, affordability, historic architecture, the revitalization of downtown, and the many cultural attractions.

Consumer Home Repair and Paint Programs

The repair assistance and paint programs are key elements of efforts to preserve and rehabilitate the existing housing stock. Programs must be developed to improve the condition of the existing housing stock, including lead abatement, such that both homeowners and renters can benefit. Given the multi-family nature of the housing stock, rental housing is an important component of

our housing stock even when these structures are owner-occupied. The quality of life for all residents and the quality of our neighborhoods will be improved by enabling improvements to rental housing units as well as to owner-occupied units.

The repair assistance program would provide loans to individual owner-occupants and investor-owners of structures with 5 units or less. Experience in other cities suggests that loans of \$10,000 per *unit*, amortized over 15 years, and with a variable interest rate dependent on need and ownership, provide flexibility and produce results. Investor-owned properties must have criteria attached that awards loans contingent on such things as tenants' level of income, rent levels, and property owners' code compliance records. The City ran a rental rehab program in the late 1980s that can serve as an introduction to the investor end of the repair program.

This report calls for two major changes in the City's "Paint the Town" program. The first is that the program needs to become a loan-based program. Assistance in the paint program should always be in the form of a loan, though some loans may be deferred for specified amounts of time. Most assistance would come in the form of amortized, revolving, low-interest loans. Second, the program could be designed as a "Paint-Your-House-For-Life" program. Operated this way, the borrower would receive a loan, pay it back over a set number of years, and then be able to borrow again to repaint.

Given the condition of the housing stock and the demand experienced by PPHC, an annual budget of \$2.65 million in combined public and matched private funds will make significant inroads into improving the housing stock through a variety of programs. It is estimated that this would enable 300 homes to be painted per year, with \$2,500 in assistance per home, and 125 housing units in owner-occupied structures to be repaired at a cost of \$10,000 per unit. The investor-owner side of the program would serve 65 units per year, also at a cost of \$10,000 per unit. The actual number of houses repaired would depend on the number of units per structure, as the repair program is based on loans *per unit*.

A "Twos and Threes" Program

This multi-faceted program focuses on the city's multi-family housing stock through a combined home ownership and rental strategy. Given that two- and three-family structures comprise approximately 45% of the city's housing stock and that more than half of these are not owner-occupied, focusing on the "twos and threes" would have a significant impact on the quality of rental housing and on neighborhood stabilization. A "Twos and Threes" program would actually be an umbrella for some of the other programs recommended in this report, serving to coordinate potentially complementary efforts. This program brings together efforts to: increase owner occupancy; improve the condition of the rental housing stock, both by providing rehab assistance to existing owners and by holding negligent landlords accountable for code violations; facilitate neighborhood-based development of owner-occupied and rental housing (depending on neighborhood needs as determined by neighborhood plans); and convert abandoned buildings into habitable units. Assistance would be available to potential buyers (purchase/rehab assistance), existing owners (paint, repair, and lead abatement assistance), community development corporations (gap financing for development), and local for-profit developers.

Ongoing Vacant and Abandoned Property Program

According to records from the Department of Inspections and Standards, there are approximately 700 abandoned buildings throughout the city. Approximately 500 of these are residential buildings. Abandoned properties present safety hazards; drain resources from the City's police, fire, and building inspection departments; and have a negative impact on the communities in which they are located. The conditions of vacant and abandoned buildings vary. While some of these structures must be dealt with immediately, it is important to consider the long-term, ongoing need for addressing the problems associated with abandoned properties. As long as these properties continue to be neglected, it will be difficult to encourage property owners to reinvest in the affected neighborhoods. These facts argue strongly for a citywide effort to turn abandoned properties from liabilities into assets for the city and its neighborhoods. An ongoing program should enable community organizations to work with residents, building inspection officials, public safety officials, planners, preservationists, and developers to continue to identify the properties that are most detrimental to their neighborhoods and to determine the most positive, long-lasting solutions for these properties. The solutions would include rehabilitation and selective demolition as needed.

The general policy recommendation for addressing the problem of abandoned buildings is to establish a process that enables each neighborhood to target its worst properties, perhaps as a "10 Most Wanted" program, and to work with planners, preservationists, community development corporations, developers, and other housing specialists to determine how best to deal with these properties. In collaboration with neighborhoods, the City should select, acquire, and secure or selectively demolish approximately 250 properties citywide that have been determined to need the greatest attention (Phase I). An incremental, ongoing approach (Phase II) should be taken to enable neighborhood residents and organizations to identify the properties that are most detrimental to their communities. The number of properties being considered in each neighborhood at any one time (e.g., the "Top 10") should be small enough to ensure that proper resources and attention can be directed to determining the most positive, long-lasting solutions for these properties. As solutions are considered, the overall goal of neighborhood stabilization must be kept in mind -- in some cases the result will be rehabilitation, while in others it will mean demolition. If demolition is the preferred option for a particular property, a plan for what will be done with the property after demolition (rebuild, merge property with adjacent parcels for yard or parking, neighborhood parks, etc.) must first be developed.

Phase I is estimated to cost the City \$6.75 million over four years, based on estimated costs to acquire, clear title, secure and/or selectively demolish 250 properties. Phase II would be an ongoing strategy needing additional funds.

Certain changes are necessary to facilitate the process of dealing with abandoned properties. Legislative changes will be needed to enable the City to acquire properties more easily. Currently, the City must demonstrate that a property owner can't be contacted, but there are cases where it would be preferable to be able to demonstrate that the owner has been contacted but is no longer interested in the property. The City also needs to change the mind set that the taxes owed on tax delinquent properties are an asset. In many cases it is more realistic to consider that taxes will not likely be paid on many of these properties and instead to direct efforts toward getting the properties into the hands of new, tax-paying owners, or to turn some of these non-revenue generating properties into open space assets for the communities they are currently blighting.

SEVEN: IMPLEMENTATION

A number of recommendations have been presented in this report that will affect the City's housing policies and programs and the environment in which they are carried out. Some of these recommendations can and should be implemented soon, while others will require additional investigation or must wait for other pieces to be in place before they can be implemented. This chapter includes three sections that describe how the recommendations should be implemented:

- ◆ A summary of the recommended actions that should be taken by the Mayor and the City Council to facilitate the implementation of policies and programs.
- ◆ A breakdown of how funds should be allocated to the recommended programs over four years.
- ◆ An implementation schedule for all of the strategies presented in Chapter Four ("Issues, Objectives, and Strategies").

Proposed Action Steps for Implementing Housing Policy Recommendations

1. Adopt the policy and program recommendations presented in this report. (City Council)
2. Approve the recommended allocation of Bond, HOME, and CDBG funds and pool them into the Providence Consolidated Housing Fund to fund approved programs. (City Council)
3. Launch the redefined Providence Plan Housing Corporation. (Mayor / City Council)
 - decide either to merge organizationally with the Department of Planning and Development, or to retain a completely separate organization and scale back its operations
 - present a timeline and strategy for restructuring the organization's responsibilities (to be prepared by PPHC and DPD)
 - appoint a board to include representatives from the community, private business, funders, financial institutions, the City Council, and the administration (Mayor)
 - give the PPHC board responsibility for overseeing the Consolidated Housing Fund (City Council)
4. Activate the Mayor's Housing Cabinet. (Mayor)
 - appoint a Director
 - appoint all relevant department heads as members
 - define expected responsibilities (based on recommendations from this report)
 - set an initial agenda of issues to be addressed and establish a regular meeting schedule
5. Call for the creation of a Housing Partnership. (Mayor)
 - direct The Providence Plan to convene and staff the Partnership
 - recommend priorities for an initial work plan (based on recommendations from this report)
 - oversee implementation of recommended policies and programs

Allocation of Funds for Recommended Programs

The Housing Policy Working Group recommends that the City Council, upon adopting the policy recommendations presented in this report, approve the allocation of HOME, CDBG, and Bond funds for citywide programs over a four-year period as outlined below. The goal is to increase the effectiveness of the City's funds by pooling them together and attracting matching funds from other sources.

Sources of Funds

- A goal of \$18.2 million in City money over 4 years:
 - \$7 million from the neighborhood improvement bond (if allocated by City Council)
 - \$1.8 million in HOME funds per year = \$7.2 million (assumes continuation of federal funds)
 - \$1 million in CDBG funds per year = \$4 million (based on average over past 5 years)
(Note: this is in addition to the approximately \$230,000 per year that DPD currently allocates for the operation of its Housing Division)
- A goal of \$13 million in matched private and additional public funds, not including mortgage money, over 4 years by leveraging City money through a consolidated housing fund (RIHMFC, LISC, private institutions, State Housing Trust Fund)

Increase Homeownership and Assist Existing Owner-occupants:

\$12 million over 4 years (\$6 million in City funds, \$6 million in matched funds)

A. Increase Homeownership in Every Neighborhood

\$4 million over 4 years (\$2 million in City funds, \$2 million in matched funds)

- Home Purchase Assistance, Employer-Assisted Housing, Purchase/Rehab
 - 200 per year @ \$5,000 assistance per sale = \$1 million in assistance per year
 - leverage these funds to obtain consumer mortgages, including purchase/rehab loans
 - funds paid back into revolving loan fund
 - positive impact on tax base (stabilizing effect on \$400,000 in tax revenues per year, based on \$2,000 in tax revenues per \$90,000 property)

B. Provide Assistance to Existing Owner-occupants

\$8 million over 4 years (\$4 million in City funds, \$4 million in matched funds)

- Paint and Repairs
 - paint 300 homes per year @ \$2,500 assistance per home = \$750,000 per year
 - repair 125 units per year @ \$10,000 assistance per unit = \$1.25 million per year
 - funds paid back into revolving loan fund
 - improved properties raise assessed values
- Assistance to enable existing owners to remain in their homes
 - RIHMFC's existing reverse mortgage program (HECM)
 - foreclosure prevention counseling provided through RIHMFC and CDCs

Take Action Against Vacant and Abandoned Properties:

\$6.75 million over 4 years (\$4.75 million in City funds, \$2 million in matched funds)

- Phase I: Clear title and acquire 250 properties citywide; secure or demolish as needed
 - acquisition costs range from zero to \$30,000 (accounts for some costs being recovered through liens)
 - demolition costs average \$20,000 per building; City funds would pay for demolition
 - rehabilitation costs included under development programs, below
 - development costs for converting vacant lots to infill housing, yards and parking for abutters, parks, etc., not included here
- Phase II: An ongoing program to address the remaining abandoned properties
 - additional funding required

Develop Properties for Homeownership and Neighborhood-based Rental

\$5.65 million over 4 years for ownership *and* rental development, as determined by neighborhood needs and citywide special needs
(\$3.15 million in City funds, \$2.5 million in matched funds)

- A. Develop Properties for Homeownership, Through Rehabilitation and Infill Construction
 - Gap financing for development of affordable homeownership *and* rental (see, "B", below), as determined by neighborhood needs
 - 75 units of rental *and* homeownership, combined, per year @ \$15,000 to \$20,000 subsidy per unit = \$5.25 million over 4 years
 - costs lower for properties acquired through the Abandonment Program
 - Additional support for new and existing owner-occupants outlined above
- B. Develop Neighborhood-based Rental Housing that Promotes Neighborhood Stabilization
 - Gap financing for development of affordable homeownership *and* rental (see, "A", above), as determined by neighborhood needs
 - Development grants for special needs housing
 - 25 to 30 units per year @ \$3,500 grant per unit = \$400,000 over 4 years

Preserve Rental Housing that Promotes Neighborhood Stabilization:

\$2.6 million over 4 years (\$1.1 in City funds, \$1.5 million in matched funds)

- Revolving loans for home repair assistance to conscientious landlords
 - 65 units per year @ \$10,000 per unit = \$2.6 million over 4 years
- No additional public funds required for preserving and rehabilitating subsidized rental housing

Increase Neighborhood-based Capacity to Plan and Implement Revitalization Strategies:

\$4.2 million over 4 years (\$3.2 million in City funds, \$1 million in matched funds)

- Operational costs of CDCs
- Funds for providing "urban customer service" (education, foreclosure prevention, marketing, technical assistance)
- Funds for development available through ownership and rental development programs (above)
- Funding based on neighborhood business plans developed through planning process
- Amount of funding tied to performance standards for housing production and services

Implementation Schedule

The following is an implementation schedule for the strategies outlined in Chapter Four, "Issues, Objectives, and Strategies." The schedule utilizes three time frames, dependent on a combination of priorities, the complexity of program development, and the need for some programs to be in place before others can follow. All time frames begin at the time this report is adopted. The first time frame runs for six months, the next for eighteen months, and the last for thirty-six months. Also included in the implementation plan is the functional area into which each recommendation fits, and suggestions for responsible parties and sources of funds. The responsible parties are subject to change depending on priorities and staffing, but it is important to assign initial responsibilities to ensure that these recommendations are implemented. The Housing Partnership, as described in this report, will have overall responsibility for monitoring the implementation of these recommendations.

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
Neighborhood Context				
<i>OBJECTIVE: Develop citywide policies and programs that ensure the continued strength of Providence's neighborhoods.</i>				
1. Build and continue to support strong neighborhood-based associations which provide a support system that encourages people to make Providence their home.	Policy	PCHF ^a , LISC	DPD/PPHC	ongoing
2. Elevate the status of neighborhood planning by creating a organization of neighborhoods associations that will encourage interaction and cooperation among neighborhoods and has standing within the city's planning and policy structure.	Policy / Planning	No added cost	DPD	0-18
3. Create an environment that ensures fair housing practices and goals are built into all policies and that opportunities are available in all neighborhoods.	Policy	No added cost	Mayor, Council	ongoing
4. Balance the creation of homeownership and rental opportunities to protect the integrity of neighborhoods.	Policy	No added cost	DPD	ongoing
5. Develop strategies for affirmative housing programs and enforcement of fair housing laws.	Policy	No added cost	DPD	ongoing
6. Create a City marketing strategy based on both neighborhood strengths and Providence's assets.	Marketing	PCHF ^a , Realtors, Banks, RIHMFC	DPD with Realtors, Banks, RIHMFC	0-18

Homeownership: Expanding Opportunities

OBJECTIVE: Expand opportunities for homeownership as the major vehicle for stabilizing and revitalizing neighborhoods.

1. Continue and expand programs that target homeownership opportunities to low and moderate income households.	(see a and b below)			
a. Use CDBG, HOME, bond, and HTF dollars to capitalize a revolving loan fund that provides downpayment and closing costs assistance to low / moderate income households, without which these households cannot become homeowners	Financing	PCHF ^a	Mayor, Council	0-6

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
b. Promote programs that develop the supply of affordable, single- or multi-family housing through either new construction or rehabilitation which emphasize neighborhood context and stabilization, stock and historic preservation, and local control.	Development / Financing / Marketing	PCHF ^a , RIHMFC, Banks	PPHC, Housing Nonprofits	0-6
2. Include incentives for middle income households to purchase homes as a crucial element to stabilization by developing and promoting an employer-assisted housing program for all major employers, including the City.	Financing / Marketing	Employers	TPP, RIHMFC	0-6
3. Establish a citywide, neighborhood-based homebuyer education program.	Education	PCHF ^a , Found. ^b	PPHC	0-18
4. Expand the reach of the current 203(k) purchase/rehab program.	Financing	HUD	DPD/PPHC	0-18
5. Create a "Twos and Threes" program that encourages owner-occupancy and rehabilitation of two- and three-family houses and helps to stabilize rental stock.	Financing / Development / Marketing	PCHF ^a , Banks, RIHMFC	DPD/PPHC	0-6
6. Apply for a HUD Homeownership Zone designation.	Planning	No added cost	DPD	0-18
7. Aggressively reach out to new immigrants, who are a key component of the potential homebuying market.	Marketing	Banks, RIHMFC, PCHF ^a	Banks, RIHFMC, City	ongoing
8. Create a study commission to investigate insurance barriers in lower income neighborhoods to address the issues of costs, availability, equity, and quality of coverage.	Policy	No added cost	DPD/PPHC	0-18
9. Provide incentives for households to save for the express purpose of buying a home:	(see a and b below)			
a. Encourage lenders to establish savings plans whereby the lender provides enhanced savings rates or preferred customer mortgage terms.	Financing	Banks, RIHFMC	Partnership	0-18
b. Increase recognition and acceptance of cultural variances in savings patterns.	Financing	Banks, RIHFMC	Partnership	0-18
10. Create flexible mortgage products:	(see a and b below)			
a. Review lending and appraisal guidelines to identify barriers to mortgage financing;	Financing / Policy / Advocacy	Banks, RIHFMC	Partnership	0-18
b. Encourage lending institutions to be flexible in home mortgage loan-to-value requirements.	Financing / Policy / Advocacy	Banks, RIHFMC	Partnership	0-18

Homeownership: Existing Homeowners

OBJECTIVE: Provide assistance to existing owner-occupants.

1. Create home repair revolving loan programs, using City, private, and / or Rhode Island Housing funds, with eligibility and interest rates dependent on stepped levels of criteria based on household need.	(see a and b below)			
a. Create a City Repair and "Paint-Your-House-For-Life" program that utilizes revolving loans for most recipients and restricting grants to those with the lowest income.	Financing	PCHF ^a	DPD/PPHC	0-6
b. Create an employer-assisted home repair program.	Financing	PCHF ^a	TPP, RIHMFC	0-36

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
2. Provide post-purchase and foreclosure-prevention counseling especially for new homebuyers with the objective of preventing defaults and assisting with maintenance issues.	(see a and b below)			
a. Workshops and individual counseling on financial management, consumer credit counseling, landlord/tenant issues, health and safety, capital maintenance and improvements.	Education	PCHF ^a , Banks, RIHFMC	DPD/PPHC, RIHMFC, Housing Nonprofits	0-18
b. Homeowner services and resources such as qualified contractor lists, inspections, rehab and repair assistance.	Education	No added cost	PPHC, RIHMFC, Housing Nonprofits	0-18
3. Include lead abatement and education as key citywide programs.	Policy	NI ^c	DPD/PPHC	ongoing
4. Investigate ways to help elders stay in their homes.	(see a, b, and c below)			
a. Continue education programs to encourage use of existing reverse mortgage programs, such as RIHMFC's HECM program.	Education	RIHFMC	RIHFMC	0-18
b. Develop a senior home repair and chore program.	Program Development	NI	DPD/PPHC, RIHMFC	0-36
c. Coordinate social services to enable elders to age in place.	Policy	No added cost	Cabinet	0-18

Rental Housing

OBJECTIVE: Preserve and develop rental opportunities including public and assisted housing, strengthen the rental housing stock and market, and recognize the value of public housing as a vital community element.

1. Expand opportunities and resources for new and rehabed rental projects which emphasize neighborhood context and stabilization, stock and historic preservation, adaptive reuse of nonresidential buildings and local ownership.	Development	PCHF ^a , RIHMFC, Banks	DPD/PPCH, Housing Nonprofits	0-6
2. Provide rehabilitation loans for two- and three-family houses that may be either investor-owned rental properties, with appropriate safeguards, or owner-occupied rental properties.	Financing	PCHF ^a , RIHMFC, Banks	DPD/PPHC	0-18
3. Include lead abatement and education as key citywide programs.	Policy	NI	DPD/PPHC	ongoing
4. Require accountability from Rhode Island Housing, HUD, and private developers and managers of publicly subsidized projects for strict maintenance standards and fair rent levels at these projects.	Policy	No added cost	All	0-6
5. Enhance the capacity of tenant groups in preserving assisted housing.	Policy	PCHF ^a , PHA	All	0-18
6. Support a strategy for affirmative housing programs and enforcement of fair housing laws.	Policy	No added cost	DPD	ongoing
7. Review strategies for the location of subsidized rental projects to ensure equitable citywide and regional distribution.	Policy	No added cost	DPD	0-18
8. Work with HUD, Rhode Island Housing, and DPD to establish policies that prevent developers with a history of poor quality projects from developing additional projects as long as previous problems remain.	Policy	No added cost	DPD	ongoing

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
9. Ensure the capacity of the Providence Housing Authority to continue maintenance and rehabilitation of its housing inventory.	Policy	HUD	PHA	ongoing
10. Build management capacity for small investor-owned properties.	Education / Technical Assistance	PCHF ^a , RIHMFC	DPD/PPHC	0-36
11. Work with Rhode Island Housing, HUD, and the Congressional delegation to cushion effects of Section 8 expiring use units.	Advocacy	no added cost	City, RIHMFC	ongoing
12. Work with developers and lenders to create mortgage products that encourage the development of rental housing downtown.	Financing / Development	PCHF ^a , RIHMFC, Banks	DPD/PPHC	ongoing

Code Enforcement

OBJECTIVE: Ensure that code violations are quickly and effectively corrected.

1. The housing court and code enforcement process must be reformed to ensure better compliance with housing code violations. Including a better means of tracking properties and consistent imposition of penalties.	Policy	No added cost	City	0-6
2. Ensure that the Department of Inspections and Standards has the technological and human resources to achieve code compliance goals.	Policy	City	City	0-18
3. Appoint representatives from the Department of Inspections and Standards and the Housing Court to the Housing Cabinet to help coordinate their efforts.	Policy	No added cost	Cabinet	0-6

Abandoned Properties

OBJECTIVE: Convert vacant and abandoned properties into assets.

1. Create acquisition, rehabilitation, and demolition strategies, based on both citywide and neighborhood priorities, that follow properties through the entire process of reaching a long-term solution, from selection and acquisition, to rehabilitation, infill new construction, or other preferred land reuse.	(see a through e below)			
a. Establish a "Ten Most Wanted" program wherein neighborhood residents and organizations select and prioritize the properties to be targeted for demolition or rehabilitation.	Planning	PCHF ^a	DPD/PPHC, Neighborhood Associations	0-6
b. Offer vacant lots to abutters in return for maintenance.	Policy	N/A	PRA	0-36
c. Offer vacant and abandoned properties to CDCs or non-profit housing providers.	Policy	N/A	PRA	0-36
d. Establish a land bank for demolished properties wherein the City condemns and demolishes property or condemns and conveys property with agreement that the landbanker will demolish and convey the property.	Policy	N/A	PRA	ongoing
e. Maximize Providence Redevelopment Authority's ability to condemn and take control of abandoned and problem properties.	Policy	N/A	PRA	ongoing

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
2. Revise City policy with respect to back taxes due on properties to accommodate revitalization efforts.	Policy	No added cost	DPD	0-36
3. Streamline legal procedures that are barriers to acquisition of problem properties.	Policy / Program Development	No added cost	PRA	0-36
4. Implement computerized systems that facilitates access to property ownership information.	Technical Assistance	City	PRA	0-36
5. Incorporate appropriate Vacant Lot Task Force recommendations into the housing policy.	Policy / Program Development	NI	NI	NI

Elderly and Special Needs

OBJECTIVE: Provide flexible housing opportunities for homeless persons, persons with other special needs, and the elderly.

1. Include special need and elderly providers in ongoing policy and program discussion.	Planning	No added cost	Partnership	0-6
2. Formalize the relationship between special needs and other housing providers.	Coordination	No added cost	DPD	0-18
3. Encourage the development of affordable, elderly assisted living programs.	Policy / Development	Banks, RIHMFC, Found.	Developers	0-36
4. Utilize programs that enable the elder population to safely and successfully age in place.	Coordination	No added cost	All	0-18
5. Investigate ways to address conflicts between the needs of the elderly and the mentally or substance disabled in combined living facilities.	Policy	N/A	PHA, RIHMFC	0-18
6. Give nonprofit special needs providers technical assistance to continue to develop housing to meet their constituents' needs.	Technical Assistance	PCHF ^a , RIHMFC, Found.	DPD/PPHC, RIHMFC	0-18

Resources: Sustainable

OBJECTIVE: Create a multi-source, self-replenishing, source of funds that encourages partnerships.

1a. Using multiple sources, fund existing Rhode Island Housing and Conservation Trust Fund.	Legislative / Resources Allocation	Various taxes, general revenues	City, State Legislature	0-18
or				
1b. Create a new, state-level trust fund limited to housing with funds going directly to municipalities: dedicated, multi-source funding.	Legislative / Resources Allocation	Various taxes, general revenues	City, State Legislature	0-18
2. Create a Providence Consolidated Housing Fund (PCHF) that is capitalized by pooling portions of public monies in one place.	Coordination / Resource Allocation	see note a below	City, Council	0-6

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
3. Require the allocation of funds to nonprofits or for consumer-based programs be according to a performance-based system with the criteria established by joint efforts of funders and fund recipients.	Resource Allocation	No added cost	DPD/PPHC	0-12
4. Place a high priority on revolving loans as the basis for home repair / home ownership programs.	Policy	No added cost	City, Council	0-6
5. Streamline the funding for housing nonprofits with a coordinated schedule and application.	Policy	No added cost	DPD/PPHC	0-18
6. Encourage the state to dedicate funds from general revenues for housing purposes.	Policy	No added cost	City, Council	ongoing

Resources: Leveraging

OBJECTIVE: Increase the City's capacity to leverage additional funds.

1. Build the Providence Consolidated Housing Fund by partnering with banks, private mortgage companies, foundations, RIHMFC, LISC, and local employers.	Financing	No added cost	Partnership	ongoing
2. Work with Rhode Island Housing to implement a mutually agreed upon strategy that highlights the funds that the agency directs to Providence and strengthens the impact of those funds.	Planning	No added cost	RIHFMC / DPD	ongoing
3. Maintain a separate Board for PPHC so that the agency is in a position to bring in private funds.	Policy	NI	City	0-6

Delivery System

OBJECTIVE: Deliver housing resources more effectively and efficiently with a unified, coordinated strategy that capitalizes on neighborhood assets and prioritizes neighborhood need.

1. Establish a clear line of roles, resources, and responsibilities in the housing delivery system.	Policy	No added cost	Partnership	0-6
2a. Give PPHC responsibility for overseeing the Providence Consolidated Housing Fund, the City's homeownership assistance programs, and building CDC and non-profit housing capacity. Continue to operate as a separate, but scaled-back, citywide nonprofit housing agency,	Policy	PCHF ^a .	Mayor, Council	0-6
or				
2b. Give PPHC the responsibilities listed under option 2a, but merge PPHC with DPD while maintaining a separate Board.	Policy	PCHF ^a .	Mayor, Council	0-6
3. Establish a Housing Cabinet, with quarterly meetings, as a mechanism for the exchange of information, cooperation, monitoring, and evaluation of housing delivery among City departments.	Policy	N/A	Mayor	0-6
4. Establish a Housing Partnership as a mechanism to bring together public and private parties in the housing delivery system for a ongoing, regular discussion of policy and programs.	Policy	N/A	Mayor	0-6
5. Elevate housing planning within DPD, with a dedicated to provide ongoing data collection, analysis, evaluation, and planning.	Policy	N/A	DPD	0-6

Strategies/Programs	Functional Area	Source of Funds	Responsible Party	Time Line
6. Strengthen CDCs and other housing nonprofits as a major tool focusing on a neighborhood-based approach to housing development; provide technical assistance and encourage these organizations to share services and merge where appropriate.	Policy	No added cost	DPD/PPHC	0-18
7. Incorporate performance-based funding into the delivery system that includes business plans and measurable objectives.	Planning	No added cost	Nonprofits / DPD / PPHC	0-6
8. Change criteria for funding organizations to allow CDCs and housing nonprofits to provide a broader spectrum of neighborhood housing-oriented services.	Policy	No added cost	DPD/PPHC, Housing Nonprofits	0-18
9. Utilize the City regulatory powers (land use planning, zoning, and code ordinances) in the delivery system to protect and stabilize neighborhood integrity.	Policy	No added cost	DPD	ongoing
10. Ensure that barriers to minority participation in housing delivery are eliminated.	(see a, b, and c below)			
a. Ensure that minority communities have roles in housing leadership, representation, and decision-making.	Policy	N/A	All	ongoing
b. Perform the function of minority business enforcement compliance officer which is presently designated but not staffed.	Policy	City	City	0-6
c. Improve access to general contractor jobs, working capital, and bonding by minority contractors.	Education / Coordination	NI	DPD/PPHC	ongoing
11. Expand economic opportunity by encouraging the hiring of Providence residents when projects utilize housing investment money.	Policy	N/A	DPD/PPHC, RIHMFC	ongoing
12. Eliminate confusion for consumers and agencies involved in the housing delivery system.	(see a, b, and c below)			
a. Establish a coordinated citywide system of homebuyers' clubs, offered at the neighborhood level, that provides multi-lingual education on buying and maintaining a home.	Policy	PCHF ^a , Banks, RIHMFC	DPD/PPHC, Banks, RIHMFC	0-18
b. Create a "One Stop Shop" in the Department of Planning and Development to be the central source for housing information and guidance for consumers as well as public agencies.	Program	NI	DPD	0-36
c. Create an ombudsperson function within DPD to resolve housing conflicts.	Policy	NI	DPD	0-36

^a The Providence Consolidated Housing Fund would be funded by pooling CDBG, HOME, bond money, RI Housing Trust Fund proceeds, revolving loan paybacks, and, potentially, funds from LISC, RIHMFC, banks, and foundations.

^b Foundations

^c Not identified. Policies do not have a source of funds identified although there may be some funds required.

APPENDIX A: FOCUS GROUP PARTICIPANTS

Realtors: September 25, 1996

Jose Taveres, Elmwood	Marino Delacruz, Elmwood
Dorene Boone, Providence wide	Libby Isaacson, East Side
Joyce Starr, East Side	Lois Latieri, Smith Hill / Mt. Pleasant
Kerrie Doyle, Fox Point	Keith Marvelle, Providence wide
Christine Brien, Providence wide	Joe Jacobs, Providence wide
Marcia Carpenter, South Providence	George Herr, Providence wide

Nonprofits: October 1, 1996

Brenda Clement, Housing Network	Ken Schadegg, Elmwood Foundation
Carla Young, Stop Wasting Abandoned Property	Alice Hammed, Olneyville Housing Corp.
Sharon Conard-Wells, West Elmwood Housing Development Corp.	Clark Schoettle, Prov. Preservation Society Revolving Fund
Chet Jackson, Mt. Hope Neighborhood Land Trust	

For-profit Developers: October 8, 1996

Robert Gaudreau, Property Advisory Group	Stanley Weiss, Stanley Weiss Assoc.
Mark Van Noppen, The Armory Revival Co.	

Special Needs Providers: October 8, 1996

Deborah Gray-Clukey, Advent House	Jeff Austin, Sunrise
Joan Kenower, Women's Center	Sister Delores Crowley, McAuley Corp.
Deborah Brayton, Amos House	

Neighborhood Associations: October 17, 1996

Toby Ayers, Burr's Lane and College Hill Neighborhood Associations	Arthur Chapman, Fox Point Citizens Association
Terry Cruz, Federal Hill Neighborhood Association	Grant Dulgarian, Summit Neighborhood Association
Iola French, Concerned Citizens of the North End	Nick Husband, Moore Street Association

Minority Contractors: October 23, 1996

Lanre Olateru-Olagbegi, Loo Inc.	Alfreda L. Barnes, As Managed Co.
John P. Cruz, J.C. Electric, Inc.	Floyd Queen, Queen Construction

PPHC-Assisted Homeowners: October 24, 1996

Rebecca Ellis, Blackstone	Ray Lyons, Mount Pleasant
Sigfried Puello, Elmhurst	Giustino Conti, Silver Lake
Carlos Lopez, Silver Lake	Kevin Soares, Washington Park
Ellen Smith, Manton	Joanna Fernandez, Mount Hope

Elderly Housing and Service Providers: October 29, 1996

Helen McCarthy-Dienes, Project H.O.P.E.	Nelson Cardenas, Respite Care
Kathryn Tingley, Davenport Assoc.	Carol Cummins, Aging 2000
Ann Cunningham, Providence Housing Authority	Lisa Yanku, Jewish Family Services
Lucille Massemino, Davenport Assoc.	

APPENDIX B: INTERVIEWEES

Name	Organization
Susan Baxter	Bank of Boston
Thomas Anton	Brown University, Taubman Center for Public Policy
Faye Sanders	Citizens Bank
Ronald Allen	City Council
Robert Clarkin	City Council
Joseph DeLuca	City Council
Josephine DiRuzzo	City Council
Evelyn Fagnoli	City Council
Thomas Glavin	City Council
David Igliazzi	City Council
Kevin Jackson	City Council
John Lombardi	City Council
Patricia Nolan	City Council
John Rollins	City Council
Rita Williams	City Council
Balbina Young	City Council
Thomas Deller	Department of Planning and Development
Art Hansen	Department of Planning and Development
John Palmieri	Department of Planning and Development
Helen Prisk	Department of Planning and Development
Sue Ogren	Fleet Bank
Richard Staples	Fleet Bank
Rick Cohen	Local Initiatives Support Corporation
Barbara Fields	Local Initiatives Support Corporation
Rochelle Lee	Local Initiatives Support Corporation
April Wolf	Department of Inspections and Standards
Barbara Krank	People's Development Corporation
Asata Tigre	Project B.A.S.I.C.
Ray Neirinckx	Project B.A.S.I.C.
Daniel Baudouin	Providence Foundation
Judge Irving Brodsky	Providence Housing Court
Dominique Gregoire	Providence Plan Housing Corporation
Matt Powell	Providence Plan Housing Corporation
Lucy Shelby	Providence Plan Housing Corporation
Barbara Thornton	Providence Plan Housing Corporation
Stephen O'Rourke	Providence Public Housing Authority
Susan Bodington	Rhode Island Housing (RIHMFC)
Richard Godfrey	Rhode Island Housing (RIHMFC)
Cathy Paniccia	Rhode Island Housing (RIHMFC)
Brenda Clement	Rhode Island Housing Network
Kieth Oliviera	Rhode Island Urban Project

APPENDIX C: NON-PROFIT HOUSING ORGANIZATIONS

The following is a list of the nonprofit housing organizations in Providence. The first section includes organizations described as Community Development Corporations (CDCs). The second part of the list includes nonprofit housing organizations that are organized around addressing specific housing needs, such as providing housing for persons with special physical needs, housing for the homeless, or transitional housing.

Community Development Corporations

Elmwood Foundation
1 Trinity Square
Providence, RI 02907

People's Redevelopment Corp.
158 Lenox Avenue
Providence, RI 02903

Family Housing Development
Corporation
P.O. Box 5843
Providence, RI 02903

Providence Preservation Society
Revolving Fund
24 Meeting Street
Providence, RI 02903

Good News Housing
Community Land Trust
1043 Broad Street
Providence, RI 02907

Rhode Island Indian Council
444 Friendship Street
Providence, RI 02907

Greater Elmwood Neighborhood Services
9 Atlantic Avenue
Providence, RI 02907

Smith Hill Community Development Corp.
110 Ruggles Street
Providence, RI 02908

Housing Development Corp.
of the North End
481 Charles Street
Providence, RI 02904

Stop Wasting Abandoned Property (SWAP)
439 Pine Street
Providence, RI 02907

Mt. Hope Neighborhood Land Trust
199 Camp Street
Providence, RI 02906

West Broadway Neighborhood Association
P.O. Box 3356
Providence, RI 02909

Olneyville Housing Corp.
17 Hyatt Street
Providence, RI 02909

West Elmwood Housing Development Corp.
392 Cranston Street
Providence, RI 02907

Omni Development Corp.
391 Pine Street
Providence, RI 02903

Women's Development Corp.
861A Broad Street
Providence, RI 02907

Other Non-Profit Housing Organizations

Advent House
106 Linwood Avenue
Providence, RI 02907

McAuley Corporation
325 Niagara Street
Providence, RI 02907-2000

FACTS (Family AIDS Center
for Treatment and Support)
18 Parkis Avenue
Providence, RI 02907

Sunrise
106 Eighth Street
Providence, RI 02906

Habitat for Humanity of
Greater Providence
83 Stewart Street
Providence, RI 02903

YMCA
160 Broad Street
Providence, RI 02903

APPENDIX D: ALTERNATIVE PROPOSAL FOR RESTRUCTURING PPHC

Rhode Island Urban Project Proposal to the Providence Housing Policy Working Group

The interest of the Rhode Island Urban Project in the development of a comprehensive efficient and effective housing policy is to ensure that minority residents of the city Providence are afforded the economic opportunity of home ownership.

The extent to which the Providence Plan Housing Corporation has been successful in providing such opportunities, as is indicated in pages 32-33 of the draft report, it is RIUP's belief that such success should not be jeopardized by major changes in the delivery of homebuyer assistance and education as a result of the recommended housing policy.

RECOMMENDATION:

Reconstitute the Providence Plan Housing Corporation (PPHC) into a newly created Providence Housing Finance Corporation (PHFC)

- * Independent nonprofit with a board of directors comprised of representatives of those entities which contribute resources to the Providence Housing Trust Fund and limited community representation. Would not be a sub-entity within the Department of Planning & Development. Would have the ability to hire its own staff -- not staffed by existing city employees.
- * Would be responsible for administering solely the consumer finance functions of the housing delivery system (homebuyer assistance and home improvement programs). Would not be responsible for planning, development, rehabilitation or any other function of the housing delivery system.
- * Would be responsible for carrying out the the citywide marketing strategy with input coming from the nonprofits about their specific neighborhoods.
- * Would be responsible for conducting a citywide homebuyer education program. Program participants shall come from referrals from neighborhood nonprofits
- * Administrative costs would come from that portion of the Providence Consolidated Housing Fund dedicated for the consumer assistance, education and marketing programs.

APPENDIX E: NOTES FROM FOCUS GROUP DISCUSSIONS

This section contains the notes from the eight focus group discussions, presented chronologically. The participants are listed in Appendix A.

Focus Group Summary Realtors: September 25, 1996

What changes have you observed in the market from 1990 to 1996?

- ◆ Activity up and prices are down from just a few years ago
 - ◆ to have the same income, must sell twice as many units
 - ◆ however, downward pricing appears to be leveling off
- ◆ There is still a significant amount of buying among upper-middle class
- ◆ In the Armory district seeing many of the "old-timers" leaving
- ◆ Impacts on housing market:
 - ◆ Lead paint
 - ◆ Increases in property taxes
 - ◆ Schools
 - ◆ Asbestos
 - ◆ Crime
 - ◆ Graffiti—taking over some business districts
 - ◆ Section 8 housing
 - ◆ poor owner oversight
 - ◆ above market pricing
 - ◆ poor maintenance
 - ◆ poor tenant review
 - ◆ Residency law
 - ◆ expands market

Why are people buying?

- ◆ Providence is an affordable market
- ◆ PPHC made it very affordable to buy
- ◆ Sense of community/historic areas—Elmwood is a model
- ◆ Neighborhood associations
- ◆ Networks bring more friends into an area
- ◆ Area an attraction for diverse population
- ◆ City atmosphere
- ◆ Want a mixture of people
- ◆ Desire to have children exposed to diversity
- ◆ Ability to walk/bike to work
- ◆ Ability to own only one car
- ◆ Housing stock—older houses
- ◆ Historic character
- ◆ Private schools
- ◆ Magnet schools
- ◆ Arts
- ◆ Armory district
- ◆ Restaurants

- ◆ Broad St. potential
 - ◆ Asian/Hispanic/African/Caribbean mix
- ◆ Washington/Roger Williams Park
- ◆ Providence's unique qualities:
 - ◆ walkable city
 - ◆ close to everything
 - ◆ downtown development
 - ◆ good public transit
 - ◆ festivals
 - ◆ colleges
 - ◆ East Side neighborhoods/streets
- ◆ Latinos are not discouraged from buying by crime perceptions because Providence safer than countries of origin; sense of safety is relative to individual experience
 - ◆ This group does often stay in Providence—often trading up to single family houses
 - ◆ Income generally in the \$12,000 to \$15,000 range
 - ◆ Schools are still a big issue, though not the top priority

Housing issues for the City to address:

- ◆ Owner-occupied multi-family homeowners sometimes losing property because of the lack of places to turn to for assistance when tragedy strikes
- ◆ Refinancing leads to affordability problems when fluctuating rates raise payments beyond ability to pay
 - ◆ owners ignorant of refinancing dangers
 - ◆ unscrupulous lenders source of some problems
- ◆ Insurance
 - ◆ Especially for multi-family houses, expensive and not good coverage
 - ◆ RI Joint only one that covers these units—charge more for less
 - ◆ Redlining, especially with insurance, is still a reality
- ◆ People hungry to buy; just need a little assistance
- ◆ Multi-families structures, with income from other units, offer opportunities for affordable homeownership if financial oversight is provided and insurance problems are addressed
- ◆ Banks
 - ◆ Criteria (Bank Lincs II) too difficult for downpayment
 - ◆ Part of problem is that banks are now a secondary market—adds to bureaucracy
 - ◆ Not like formerly when banks originators and holders of mortgages
 - ◆ No one person at banks is familiar with process of low-income loans
 - ◆ Lack of coordination banks and PPHC programs
 - ◆ Banks ignorant of different cultural financial practices
- ◆ PPHC
 - ◆ Instead of buying properties, be better if taking people through the system
- ◆ Potential for problems among buyers when buying rundown properties
 - ◆ currently no avenue for rehab assistance
 - ◆ better system if rehab assistance rolled into purchase
 - ◆ Work with 203(k) program, it's more expensive, but allows rehab from the beginning
- ◆ Provide homebuyer education
- ◆ Improve schools-- public schools a frequent reason for out-migration
- ◆ Deal with crime/prostitution

Focus Group Summary
Nonprofit Housing Developers: October 1, 1996

What are the problems in current delivery system?

- ◆ PPHC playing favorites with funding
- ◆ Unfamiliarity by PPHC with project/neighborhood issues
- ◆ PPHC Board did not do its job
- ◆ A lack of criteria uniformity
- ◆ Confusion over who's in charge
- ◆ Lack of a coordinated system
- ◆ Too many players
- ◆ Can't get city agencies (public works, et cetera) to respond in a timely and coordinated fashion with ongoing projects
- ◆ Community organizing component missing
- ◆ Friction between DPD/PPHC
- ◆ Housing planning and agenda must be set in the neighborhoods
- ◆ Agencies need to work together to set up measurable goals and outcomes
- ◆ DPD
 - ◆ too political
 - ◆ had good systems pre-PPHC
 - ◆ did planning prior to PPHC
- ◆ Potential for playing favorites when funding is all in one place
- ◆ No housing planning happening today

What are the CDC-specific delivery system issues?

- ◆ CDCs do not get credit for doing planning work
- ◆ Need a whole system that ties CDCs together
- ◆ CDCs need recognition and funding for all the work they do:
 - ◆ housing development
 - ◆ homeowner programs
 - ◆ urban customer service
- ◆ CDCs are looking for non-housing funding sources
- ◆ A staff person is needed to deal with community issues—neighborhood context
- ◆ The City needs to acknowledge that CDCs are essential to successful marketing
- ◆ CDCs need to be a part of determining performance standards

What are the other housing issues?

- ◆ All programs are geared to low-moderate, nothing is available for the middle class
- ◆ HOME funds are needed to make projects happen, but they require that nonprofit developers sell at Fair Market Value which prices houses beyond low income households
- ◆ Private developers doing only minimum improvements in affordable housing production
- ◆ Multi-family homeownership has considerable potential for foreclosure without oversight and protections in place
- ◆ The City needs a homesteading program
- ◆ People want a finished house
- ◆ Council members need a successful neighborhood

Why do people buy houses from CDCs?

- ◆ Buyers want to live among own race/ethnic group
- ◆ CDCs provide after sale follow up
- ◆ Friends and family live nearby
- ◆ Buyers are from particular neighborhoods, know the area already, and want to stay
- ◆ CDCs providing good value for the price—both quality and affordability incorporated

Why do people buy in Providence?

- ◆ Buyers are urban people and want to stay in the City
- ◆ The East Side is a truly multicultural community and attracts many potential homeowners
- ◆ Though schools are a problem, the City needs greater recognition of the good schools that are neighborhood attractions:
 - ◆ MLK
 - ◆ Classical
 - ◆ William D'Abate
 - ◆ Hope Essential
 - ◆ Kennedy
 - ◆ Reservoir
 - ◆ Flynn
 - ◆ Harvey Bernard
 - ◆ Community Prep

What are your delivery system recommendations?

- ◆ Create a competitive system for funds
 - ◆ must be neighborhood specific
 - ◆ distinct standards for homeownership vs. rental
 - ◆ distinct standards for community organizing vs. housing development
- ◆ Define roles and how players are linked to a strategy
- ◆ PPHC
 - ◆ not be a developer/competitor with CDC
 - ◆ useful for holding property—economies of scale
 - ◆ could do development in those areas without CDCs
 - ◆ could go after other funding (e.g. Ford Foundation)
- ◆ Paint should be revolving fund
- ◆ One central agency provides economy of overhead
- ◆ Need performance standards for city agencies too
- ◆ A program suggestion:
 - ◆ Paint your house for life; 5 year revolving fund
- ◆ Establish CDC performance standards with CDCs playing a role in defining expectations
- ◆ Develop a targeted abandoned property strategy
- ◆ Develop a citywide marketing plan
- ◆ Work to expand funding for:
 - ◆ Silent seconds
 - ◆ subsidy for construction financing
 - ◆ Demolition assistance
 - ◆ Infrastructure money

Focus Group Summary
For-profit Developers: October 8, 1996

What are the key housing issues in Providence?

- ◆ The biggest development issue is construction costs versus amount of rental income:
 - ◆ a value issue—inadequate values
 - ◆ big gap between what it costs and what can rent for
 - ◆ \$500 average rent in Providence
 - ◆ development plans starts with rent and backs up from there
 - ◆ need incentives like buy downs
 - ◆ Arbor Glen used a tremendous buy down
 - ◆ for profits a dirty word
- ◆ Prospects for Rhode Island Housing future revenue dim
- ◆ Changes in federal policy:
 - ◆ Tax credits becoming very limited
 - ◆ Expiring Section 8
 - ◆ Marvin Gardens—reserve money to deal with problem
 - ◆ currently receive about \$700 per unit, will need to go to street rents \$500
 - ◆ Section 8 expiring model: Arizona HAP project
 - ◆ HUD will rewrite at street rents
 - ◆ cut debt service
 - ◆ banks get tax credits; participate to meet CRA
- ◆ Banks want a structured, market deal; too inflexible

What are some other housing-related issues:

- ◆ Schools
- ◆ Litter
- ◆ Public insecure about taxes but taxes are not high now
- ◆ Lead paint

What are some of Providence's assets:

- ◆ Providence biggest asset is its historic structures; it is crucial for the City to capitalize on this. Architectural quality areas are:
 - ◆ Armory
 - ◆ Elmwood
 - ◆ East Side
 - ◆ Main Arteries, although small box retail presents a threat to these arteries
- ◆ Downtown revitalization
 - ◆ perception Providence on the way back
 - ◆ slow pace but progress still being made

What are some housing policy recommendations?

- ◆ Some areas would benefit from less restrictive, more affordable historic regulations (e.g. parts of Silver Lake, Jewett St.)
- ◆ In areas without historic base, need to find other qualities to capitalize
- ◆ With population falling, it makes no sense to build new:
 - ◆ already 15,000 undervalued units
 - ◆ big projects won't work, except maybe downtown if parking problems are addressed
- ◆ Providence salvation will be the old model of small owner-occupied 2,3 family units

- ◆ Need about 30 Armory-type developers
- ◆ But need to do 200 units to have a significant impact
- ◆ Make assembling land for revitalization projects easier
 - ◆ this is where efficient practices condemnation comes in
- ◆ Financing-specific suggestions
 - ◆ 3% 20 year mortgages
 - ◆ 8% of gross for rent
 - ◆ negative amortization
 - ◆ if rehab old vacant buildings, then 8% of gross
- ◆ Advice to city development/housing policy:
 - ◆ Will need to do a lot of leveraging to make it work
 - ◆ Predevelopment costs high in Providence
 - ◆ permitting process difficult and time consuming, developers are sent to variety of agencies

Focus Group Summary
Special Needs Housing Providers: October 8, 1996

Briefly describe your agency:

McCauley Village

- ◆ 23 unit transitional housing single parent families
- ◆ 2 year waiting list
- ◆ first day of advertising had 3000 applicants for 23 units

Advent House

- ◆ statewide
- ◆ housing for homeless
 - ◆ emergency
 - ◆ transitional
 - ◆ permanent

Sunrise

- ◆ housing for people with HIV
 - ◆ 10 unit residential care home
 - ◆ 22 scattered site in Providence

Women's Center

- ◆ domestic violence shelter 8 units
- ◆ homeless shelter

Amos House

- ◆ 2 emergency shelters; average stay 3 weeks, range 3 days t 3 months
- ◆ 12 beds for women
- ◆ 18 beds for men
- ◆ 4 apartments

In addition to each agency's primary mission, all serve populations with other needs:

- ◆ addictions
- ◆ chronic mental illness
- ◆ those recently released from prison

What has been the City's role in the delivery system?

- ◆ In general, city policy for special needs housing in the CHAS has been good.
- ◆ City has taken a strong leadership in HIV housing
- ◆ Inconsistent services from PHA—waiting list sometimes 2 weeks, sometimes 2 years

What are the housing issues specific to special needs?

- ◆ safety
- ◆ children raised in shelters
- ◆ schools and kids
- ◆ NIMBY factors—particularly against single mothers in transitional housing
- ◆ Special needs facilities are a stabilizing influence in many neighborhoods
- ◆ Special needs facilities are part of a viable rental strategy
 - ◆ more attractive landowner than many absentee

What recommendations do you have for housing policy?

- ◆ Formalize relationships between special needs providers and public agencies (e.g. PHA)
- ◆ Maintain an updated housing list of landlords
- ◆ The issue is not emergency housing for temporary crisis. The need is for those populations who are in permanent crisis.
- ◆ Need programs for people recently incarcerated
- ◆ Offer rent-to-own properties; West Elmwood's Opportunity Knocks is a model
 - ◆ lease purchase program
 - ◆ asset-based mapping
 - ◆ security/policing
- ◆ Ombudsperson to facilitate substandard/landlord housing issues including sexual harassment
- ◆ Liaison/advocate between nonprofits and federal bureaucracy.
- ◆ City can act as an advocate for policy changes when current policies don't make sense
- ◆ Programs that assist the working poor
 - ◆ Rents are too high for this class of people to get ahead
- ◆ Homelessness no longer receives priority in federal public housing programs

Focus Group Summary
Neighborhood Associations: October 17, 1996

What are the reasons for forming neighborhood associations?

- ◆ Residents concerned about people and community, quality of life. Wanted to do something about:
 - ◆ *absentee landlords* (those who live outside of the neighborhood): causing decline of neighborhoods: poorly maintained properties, overcrowded units
 - ◆ *code enforcement*: Residents concerned about serious violators, big landlords can tie up the process in court and delay resolving violations; code violators sometimes transfer properties to relatives to escape prosecution. Small violations aren't a great concern as long as owners continue to make a reasonable effort
 - ◆ *zoning*: variances given too freely -- additional residential units and conversion from residential to business result in increased density and traffic
 - ◆ *institutional expansion*: destroyed residential character of some neighborhoods
 - ◆ *density*: too many people in units, too many units allowed

Other issues of concern to residents:

- ◆ *insurance*: lack of availability of private market insurance in certain areas
- ◆ *arson*: concerns about vacant properties or properties where owners are financially overburdened
- ◆ *foreclosures*: sense that foreclosures are becoming a greater problem than in recent past; banks have been "giving away" loans too freely without proper applicant screening to make up for previous lack of loan activity in certain communities
- ◆ senior citizens are selling homes to absentee landlords who are able to pay more because they will crowd more tenants into houses
- ◆ decline of one neighborhood affects surrounding neighborhoods, even if they're "stable" ("If Wanskuck goes down, Elmhurst and Charles will go down.")
- ◆ relocation of Route 195 will significantly increase traffic on Gano St. and India St. in Fox Point
- ◆ some absentee landlords who rent to immigrants tell their tenants not to let code inspectors into their apartments or tenants will be forced out and no other landlords will take them in (scare tactics used against tenants) corruption in the City leads to negative attitudes on the part of residents

What recommendations do you have for housing policy?

- ◆ Offer financial assistance to existing owner-occupants who need help; many people can't afford to paint and repair homes and are forced to give them up -- people would stay in city despite the schools and crime.
- ◆ Need to make it possible for more owner-occupants to live in neighborhoods; owners who will care about their neighborhoods.
- ◆ Need to keep families in the city's neighborhoods; get people to stay by improving the environment for kids.
- ◆ Need to accept that the ethnic makeup of many of the city's neighborhoods is changing; many neighborhoods won't be what they used to be, but that shouldn't be construed as a bad thing.
- ◆ Don't build new residential units when there are plenty that need rehabilitation.
- ◆ Don't allow "homesteader" tax exemptions for absentee landlords.

- ◆ Make non-profit institutions pay property taxes on their investment properties (e.g., buildings that they lease to businesses).
- ◆ Institutions should build parking garages instead of clearing houses for parking lots.
- ◆ Give neighborhoods control over what gets developed.
- ◆ Bad landlords shouldn't be allowed to buy more properties.
- ◆ Don't allow zoning variances.
- ◆ Don't grant any more liquor licenses.
- ◆ Reverse equity mortgages could be a useful tool for helping seniors maintain their homes. Up front costs are obstacles. There could be a problem if too many of these properties revert to the bank.
- ◆ The City needs to make more intelligent land use decisions; poor decisions have had a negative effect on the City's tax base (e.g., expansion of tax-exempt institutions at the expense of taxable residential use)
- ◆ When considering the "carrots" (incentives) to achieve policy objectives, don't forget the "sticks" (enforcement / punishment).
- ◆ A thriving downtown will effect the neighborhoods because the tax base will be strong.
- ◆ Many of the issues being discussed (e.g., code violations, zoning variances) are controllable; residents shouldn't accept City's response of "we can't do this". Laws can be changed -- they need to work for the people.

What are the reasons for moving to and staying in Providence?

- ◆ urban setting, environment
- ◆ good restaurants
- ◆ good hospitals
- ◆ good colleges add to the environment
- ◆ culture, museums
- ◆ ethnicity, diversity
- ◆ historic character, the roots of the city
- ◆ exciting city
- ◆ believe in the concept of cities, as opposed to being suburbanites
- ◆ Downtown (but some people have little reason to come downtown)
- ◆ the city is safe, but people don't believe that

Focus Group Summary
Minority Contractors: October 23, 1996

What are the problems for minority contractors in the delivery system?

Problems with CDCs:

- ◆ Do not hire enough minority contractors
- ◆ Tend to want to work with the same contractors all the time

Problems with PPHC:

- ◆ Working with PPHC a nightmare
- ◆ PPHC does not pay on time
- ◆ As with CDCs, only want to work with a set group of contractors
- ◆ Contractors use minorities for low-skilled labor as a means of filling quotas and not for more skilled positions
- ◆ Minority contractors are not hired at the same dollar or number of job level as white contractors

Problems with City Departments:

- ◆ Too many loopholes in laws intended to encourage minority business enterprises
- ◆ No one is ensuring that developers are fulfilling their minority requirement
- ◆ The City lacks a minority business enterprise enforcement officer

Problems with RIHMFC:

- ◆ Requirements for participation in RIH projects excludes small minority firms

Problems, in general:

- ◆ People of color are not heading up agencies
- ◆ Even when organizations are run by people of color, this does not translate into recognition and sensitivity to minority contractors
- ◆ Bonding a problem for minority contractors in the state
- ◆ Access to working capital is difficult

What recommendations do you have for the City's housing policy?

- ◆ Create a pool of working capital that contracts can be pledged against
- ◆ Investigate requirement for citywide bonding program
- ◆ Staff minority business enterprise enforcement officer position
- ◆ Improve minority access to general contractor jobs
- ◆ Investigate minority investment developer corporation

Focus Group Summary
PPHC-Assisted Homebuyers: October 24, 1996

What are the reasons for buying a house?

- ◆ fulfill the lifelong dream of owning own home; parents had always been afraid to apply for a mortgage
- ◆ good investment
- ◆ better off owning than paying same amount toward rent
- ◆ wanted to own a two-family so that he could rent unit to children when they're older and have something to pass on to them
- ◆ wanted to have family in same house -- now rents to his children
- ◆ likes to work outside, wanted to be able to work in the yard

What are the reasons for buying in Providence?

- ◆ several of them grew up in Providence
- ◆ bought the house she had been renting when it was put up for sale
- ◆ wanted to buy in same neighborhood she had been living in
- ◆ great neighborhoods
- ◆ was going to buy in East Providence, but PPHC program changed her mind since she like the program's goal of resolving the absentee landlord problem
- ◆ was able to buy a new house developed by Mt. Hope Land Trust, wanted to avoid maintenance problems

How did you find out about PPHC?

- ◆ newspapers, including Spanish-language newspaper
- ◆ Mt. Hope Land Trust
- ◆ a landlord friend knew about the program
- ◆ went through SWAP's homebuyer classes

What role did homebuyer education play?

- ◆ homebuyer classes at SWAP really made the difference, gave him the knowledge he needed to break the barrier between being a renter and an owner
- ◆ Mt. Hope Land Trust helped one buyer through the process
- ◆ RIHMFC landlord classes were good, stressed importance of screening tenants
- ◆ PPHC meeting explained how the program worked
- ◆ PPHC explained mortgage process
- ◆ PPHC could open the buyers' eyes about inspections and the consequences of buying homes that need repairs -- many prospective buyers are just excited about getting a house and don't pay attention to important details
- ◆ in general, felt well-prepared to purchase and own their homes
- ◆ may be a need for some post-purchase follow-up

General comments about going through the process:

Positive:

- ◆ the whole process was much easier than some had expected
- ◆ some felt PPHC was the easiest part of the whole process of buying a house
- ◆ time between application and closing not unreasonably long

Negative:

- ◆ delays; PPHC had to wait to get approved for funds, delayed closing
- ◆ some had problems with inspections; ran into problems after purchase (roof, boiler)
- ◆ bank was the biggest barrier for some; delays, lost paperwork
- ◆ one didn't adequately informed about out of pocket expenses (application fee, termite inspection, etc.) or credit requirements (income:debt ratio, need to pay off other loans)

What recommendations do you have for housing policy?

- ◆ never let a client / buyer go to a closing without a complete inspection; if the City is going to put money toward helping people purchase homes, the City should make sure that the structures are thoroughly inspected -- make sure people are buying sound homes before giving or lending money
- ◆ City should stop sending out its letter welcoming new home owners and encouraging them to help improve the city until the City gets serious about improving the absentee landlord problem
- ◆ City should have a paid task force of home owners to encourage others to buy; mayor needs to have residents work for the City
- ◆ Agree that there is a need for home repair loans.

Would you have bought a home even if downpayment and closing cost loans weren't deferred?

- ◆ Yes; would be able to pay back over time, a little more each month
- ◆ Agreed that it makes sense to have funds come back to the city so that others can continue to receive assistance

Comments on Neighborhoods and Neighborhood Associations:

- ◆ Crime Watch organizations are very positive presence (one buyer is on the Board of Directors of his neighborhood's organization)
- ◆ Summit Neighborhood Association is very good about keeping residents informed about issues of concern / interest to residents of the neighborhood
- ◆ Neighborhood Associations can provide very useful information to prospective buyers; good idea to check them out when considering purchasing home in a particular neighborhood
- ◆ It was important to buy in a neighborhood where there were already a lot of other owner-occupants

Miscellaneous comments:

- ◆ PPHC made the difference that allowed them to become owners
- ◆ What is the plan? Will programs continue? Will others be able to get what we got?
- ◆ absentee landlords are a big problem in Providence
- ◆ some problems with quality of house constructed by Mt. Hope Land Trust
- ◆ recommend looking for a house that doesn't need much work -- if no money for downpayment, won't have money for repairs
- ◆ rental income is a big bonus
- ◆ have had no problems finding tenants so far, but realize that it might not necessarily be easy to find good tenants
- ◆ some zip codes can't get adequate insurance
- ◆ her buyer's broker really helped her prepare for being an owner -- set up a "business" plan

Focus Group Summary
Elderly Housing and Service Providers: October 29, 1996

What issue/issues do elderly residents confront?

Issues are divided between the two modes of housing: Aging in place, that is staying in one's own home, and housing project issues.

The aging in place issues include:

- ◆ Neighborhood markets
- ◆ Better use of programs that encourage social interactions
- ◆ Assistance with code compliance problems
- ◆ Better education and use of reverse mortgages
- ◆ Renters paying too much for poor quality housing
- ◆ Oversight to avoid elder abuse
- ◆ Medication monitoring
- ◆ House cleaning and upkeep—no money available for chore services
- ◆ Respite care
- ◆ No money for outreach to let residents know about existing programs
- ◆ Strong desire by elders to stay in homes regardless of problems
- ◆ Crime
- ◆ Better transportation service
 - ◆ ProCap service which was good, flexible, and known in now closed
 - ◆ RIDE new service, adjustment period
 - ◆ can't get transportation to go to the market, only for doctors, meals

Issues concerning Housing Projects:

- ◆ Conflict elderly and younger disabled (particularly with drug/alcohol problems) in mixed living facilities
 - ◆ currently 50 vacancies because Providence residents will not move parents into these facilities
 - ◆ judicial/legislative issues: rights of the mentally disabled
- ◆ Need for services (case managers) for more people who need short and long term assisted living for activities of daily living (ADL); currently this service is only available to the very low income

What recommendations do you have for City housing policy?

- ◆ Build awareness
 - ◆ Many programs exist yet underutilized because of ignorance
- ◆ Need community service coordinators similar to residential service coordinators in subsidized housing
- ◆ Support neighborhoods and promote a sense of community
- ◆ Get behind Senior Centers
 - ◆ Outreach workers could come from these centers

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