

FINAL REPORT
COMMITTEE ON HOUSING POLICY
FOR THE CITY OF PROVIDENCE

SUBMISSION TO
THE PROVIDENCE CITY COUNCIL

OCTOBER 20, 1988

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INTRODUCTION

residents regarding housing in Providence. The study entitled Housing Affordability and Neighborhood Transition in the City of Providence was important for two reasons. First it was the first comprehensive survey of it's type on housing in Providence in many years and, secondly, it served to debunk many of the myths that were currently swirling around the city regarding the state of the city's hot real estate market.

After an analysis and discussion of the preliminary Taubman study the committee then set about perhaps the most important part of it's study, the gathering of information and input from the broadest possible representation of groups and individuals involved in housing in Providence. Over the course of the next several months the group held a series of public hearings with representatives of non-profit low income housing advocacy groups, banking and real estate professionals, and state and city agencies involved in housing activities. Groups and individuals were invited to meet with the committee and outline their concerns and frustrations in attempting to resolve the near crisis in housing in the City of Providence.

For the final phase of the study the group again turned to the Taubman Center for it's assistance and a second study was commissioned. The much larger study examined the state's and city's policies and programs in great detail and compared them with national and regional trends and made final recommendations regarding the types of policy consideration that the state and city must make in order to formulate an effective housing policy.

Concurrently, with the compilation of the final Taubman study, the committee analyzed it's own considerable data and discussion over two years of meetings and compiled it's own list of specific policy recommendations for the city's consideration.

Finally, the committee has put together it's final report. The form of this report was dictated largely by the process and is submitted to the City Council in it's several parts reflecting the separate coordinated endeavors necessary for the completion of the study.

The committee gratefully acknowledges the vast effort of the Taubman Center, Brown University and the many students and Faculty members named and unnamed which allowed this very unique study to bear both the academic excellence and professionalism of the University and the special instinctive input of citizens participation. Also, the committee offers it's special thanks to Mayor Joseph R. Paolino, Jr. and the many city departments for their cooperation and openness in examining the hard issues of this city's past failures in this area in order to assure a future of accomplishment for Providence. With that said the committee submits this report to the Providence City Council with the hope that it will receive wide and intense consideration and perusal and form a foundation for a new era in Providence.

Respectfully submitted,

NICHOLAS W. EASTON -Chair
Committee on Housing Policy
City of Providence, R.I.

PREMILIMINARY STUDY - A. ALFRED TAUBMAN CENTER

Housing Affordability and Neighborhood Transition in the City of Providence

by

Michael Rich
Thomas Anton
Peter Eisinger
Susan Lesser
Christine Swistro

**A. ALFRED TAUBMAN CENTER FOR
PUBLIC POLICY & AMERICAN INSTITUTIONS**

DISCUSSION PAPER



BROWN UNIVERSITY

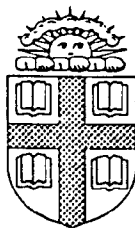
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Report to the
Committee on Housing Policy for
the City of Providence

June 1987



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EXECUTIVE SUMMARY

The findings presented in this report are based on a survey of 535 Providence households during the first three weeks of March 1987. The study was conducted by faculty and students of the A. Alfred Taubman Center for Public Policy and American Institutions at Brown University and was prepared for the Committee on Housing Policy for the City of Providence. The report is organized into three principal sections: (1) Neighborhood Conditions and City Services, (2) Residential Mobility and Neighborhood Transition, and (3) Landlords, Rents, and Rent Burdens.

Our findings indicate that there is a severe housing problem in the city of Providence, but it is not citywide in scope. Most residents are reasonably satisfied with their housing situation and the quality of city services. However, residents in some neighborhoods, particularly those in the Central Core and South Providence areas, have been especially hard hit.

In addition, our data show that the poor, regardless of their geographic location within the city, are especially vulnerable to the recent changes in the Providence housing market. Our findings indicate that the poorest households experienced larger percentage increases in their rents and were paying a higher proportion of their income for rent.

Other major findings include the following:

o Break-ins and vandalism were the two categories most frequently mentioned by respondents as persistent problems in their neighborhoods. Many problems, such as abandoned cars, abandoned houses, and vacant property were noted as persistent problems in South Providence neighborhoods whereas respondents in other parts of the city generally felt that these types of problems almost never occurred in their neighborhoods.

o In general, city residents are fairly well satisfied with the quality of city services. More than two-thirds of survey respondents rated the overall quality of city services as either "excellent" or "good". Fire department, public transportation, and garbage collection services received the highest marks whereas street repairs and snow plowing anchored the other end of the continuum. Policing and parks and recreation services ranked in the middle. Satisfaction with city services was relatively uniform across neighborhood areas, although there were some important exceptions.

o Although some neighborhoods are experiencing substantial change, Providence is a relatively stable community. Less than one-third of the respondents felt that many people were moving into their neighborhood and fewer than one-fifth felt that many people were moving out of their neighborhood. Most respondents cited personal factors such as a change of family structure,

change of job, decision to buy a home, retirement, and the like, as reasons why they felt people were moving into or out of their neighborhoods. Although slightly more than half of the survey respondents felt that people were moving into their neighborhoods from areas outside the state, only four percent of the respondents felt that people from the Boston metropolitan area were moving into their neighborhoods.

o This pattern of stability is further supported when one examines the personal mobility decisions of respondent households. Nearly half of the respondents reported that they have lived in their current home for more than 10 years whereas less than 10 percent of the respondents noted that they have lived at their current address for two years or less. Furthermore, those that did move generally stayed within the city. About two-thirds of the respondents reported that they moved to their current residence from another neighborhood within the city.

o In general, tenant-landlord relations in the city are quite good and can be attributed in part to the structure of the rental housing market in the city. More than two-thirds of the renter respondents lived in buildings with five or fewer apartments and 70 percent of the survey respondents cited an individual or a family as their landlord. Almost two-thirds of the respondents felt that relations with their landlord were very good.

o Overall, about two-thirds of the respondents reported that their rents had been raised during the past year and almost three out of four respondents in the South Providence neighborhoods reported their rents had been raised. The average rent increase among all respondents was about 12 percent, nearly three times the inflation rate recorded in 1986. About one-third of the respondents reported paying one-half or more of their monthly household income for rent and related utilities. Almost half of the low-income respondents were devoting 50 percent or more of their monthly income for rent and utilities.

INTRODUCTION

The housing market in Providence has soared during the past year as home prices and rents have substantially increased. National surveys of housing markets have ranked Providence at or near the top of the list in terms of percentage increase in the average selling price of a single-family home. A recent survey by the National Association of Realtors reported that the average selling price of a single-family home in the Providence metropolitan area has risen by about 41 percent from the first quarter of 1986 to the first quarter of 1987, the largest increase reported for the 51 metropolitan areas it surveyed. A separate survey conducted by the Rhode Island Association of Realtors reported that average selling prices of single family homes in the city of Providence increased by about 57 percent during this same period, the largest increase recorded among the 28 communities surveyed and well above the statewide average of 38.6 percent (The Providence Sunday Journal, May 17, 1987: G1).

While many people have benefitted from the increase in housing values in the city, many others have experienced hardship. One year ago the Providence City Council passed a resolution authorizing the Council President to appoint a committee to study the impact of increased pressure on the housing market in the city of Providence. The eight-member panel, known as the Committee on Housing Policy for the City of Providence, began

CHARACTERISTICS OF THE SAMPLE

Telephone interviews were conducted with owner-occupied and renter-occupied households in the city of Providence during the first three weeks of March 1987. Separate questionnaires were administered to owners and renters with each questionnaire tailored to the particular circumstances of owning or renting a home.

For purposes of reporting our results we aggregated the city's 25 neighborhood areas (see appendix, Figure A-1) into six larger "neighborhood" areas (Figure 1) based largely on geographic contiguity, income, and characteristics of the housing stock. The six areas and the neighborhoods they comprise are listed below:

<u>Neighborhood Area</u>	<u>Neighborhoods</u>
East Side	Hope, Blackstone, Wayland
College Hill	Mount Hope, College Hill, Fox Point
North Providence	Charles, Wanskuck, Elmhurst, Mount Pleasant, Manton
Central Core	Downtown, Smith Hill, Valley, Olneyville, Hartford, Federal Hill
South Providence	Upper and Lower South Providence West End, Elmwood
Fringe	Washington Park, South Elmwood, Reservoir, Silver Lake

Figure 1
Providence Neighborhood Areas

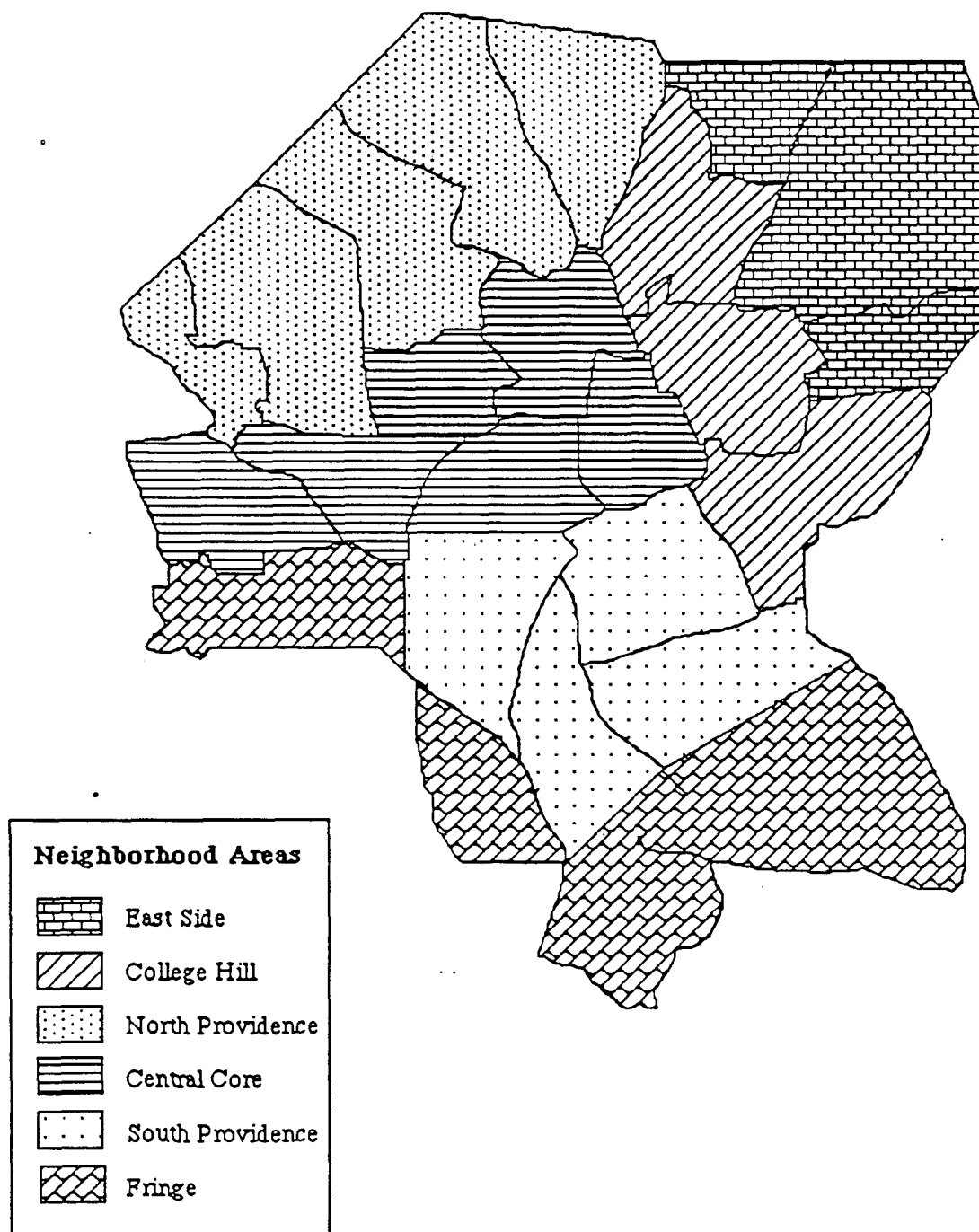


Table 1 compares the characteristics of these six neighborhood areas with our study sample. The top portion of the table is based on data obtained from the 1980 census of population and housing and the bottom portion reports the demographic characteristics of our March 1987 telephone survey of 535 Providence households.

The data show that the characteristics of our sample closely match the overall demographic profile of the city on selected key indicators. According to the 1980 census, the black population in Providence was 11.8 percent; black households comprise 11.6 percent of our sample. In addition, the proportion of families with income less than \$10,000 included in our sample (30.1 percent) was nearly identical to that reported in the 1980 census (31.7 percent). Furthermore, if one considers that per capita income in Rhode Island increased by 56 percent (from \$8,235 to \$12,829) between 1979 and 1984, we may have oversampled low-income households. Our sample reflects a somewhat greater proportion of college-educated and upper-income respondents than found in the city, due in part to the greater response rate in middle- and upper-income neighborhoods.

To compensate for the lack of a uniform response rate across neighborhood areas and by housing tenure, sampling weights were computed which adjust the numbers so that their sample proportions correspond with their proportions in the population. Sampling weights ranged from 0.69 (Fox Point) to 2.67 (Valley)

Table 1. Characteristics of the Sample.

1980 CENSUS	East Side	College Hill	North Providence	Central Core	South	Fringe	City Total
POPULATION							
Population	14729	20033	36952	30791	33666	20633	156804
Pct. Black	2.9	15.4	2.5	4.8	34.2	5.5	11.8
EDUCATION							
Pct. H.S. Grad	20.6	18.8	32.2	26.4	27.6	31.4	27.3
Pct. College Grad.	50.1	34.9	11.8	6.9	5.8	7.5	15.7
INCOME							
Percent of Families							
Less than \$10,000	10.9	25.6	21.8	41.7	50.3	28.2	31.7
More than \$25,000	55.2	30.9	27.2	14.0	10.5	17.9	22.8
HOUSING							
Pct. Owner	47.2	22.6	50.5	21.0	19.7	44.5	32.9
Pct. Renter	47.3	69.5	41.2	67.2	62.1	48.2	56.3
Pct. Vacant	5.5	7.9	8.4	11.8	18.1	7.3	10.9
Pct. Overcrowded	0.9	2.9	2.2	3.5	8.0	3.0	4.1
Pct. Pre-1940	71.0	63.7	61.2	58.0	62.0	70.5	62.8

SAMPLE	East Side		College Hill		North Providence		Central Core		South		Fringe		City Total		Total Sample
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	
N of cases	42	28	27	45	83	47	34	79	34	50	27	39	247	288	535
Percent	60.0	40.0	37.5	62.5	63.8	36.2	30.1	69.9	40.5	59.5	40.9	59.1	46.2	53.8	100.0
Pct. Black	2.9	0.0	15.4	20.9	1.3	11.9	0.0	4.2	43.8	34.0	8.3	5.6	9.8	13.1	11.6
Pct. H.S. Grad	16.7	21.4	18.5	20.5	39.7	34.8	39.4	28.4	27.3	38.0	42.3	33.3	31.8	29.9	30.8
Pct. College Grad.	61.9	57.1	59.2	43.2	19.2	4.3	18.2	14.9	12.1	12.0	7.6	28.2	28.9	23.1	25.8
Pct. with Income															
Less Than \$10,000	5.8	4.3	10.5	42.5	16.7	48.4	36.0	33.9	19.2	57.2	25.0	38.7	17.8	39.5	30.1
More Than \$25,000	67.6	56.5	68.4	17.5	48.2	12.1	36.0	19.0	19.2	9.5	31.3	9.7	46.6	18.0	30.3

for owner-occupied respondents and from 0.57 (South Elmwood) to 3.25 (West End) for renter-occupied respondents (see Table A-1). However, we found that the results based on a weighted analysis did not appreciably differ either at the citywide or neighborhood level from those obtained in the unweighted analysis. Thus, the findings reported below are based on our unweighted analysis.

NEIGHBORHOOD CONDITIONS AND CITY SERVICES

Survey participants were asked, using the scale of "always", "sometimes" or "almost never" how often they felt certain problems occurred in their neighborhoods (Table 2). These included: vandalism, abandoned cars, rowdy teenagers, drug dealing, abandoned houses, vacant property, and break-ins. We also asked residents to use the same scale to respond to the question of how safe they feel on their street. In nearly every category, responses of home owners closely match those of renters.

Resident Perceptions of Neighborhood Problems. Break-ins and vandalism were the two categories most frequently mentioned by survey respondents as persistent problems in their neighborhoods. About one-fourth of the homeowner respondents in the College Hill and South Providence neighborhood areas felt break-ins were a significant problem in their neighborhoods; a similar proportion of renter households felt the same way in the Fringe neighborhood areas. Somewhat surprisingly, a larger proportion of renters felt vandalism to be a problem in five of the six neighborhood areas. About one-fifth of the renters in the

Table 2. Resident Perceptions of Neighborhood Problems.
Percentages.

Problem Area	East Side		College Hill		North		Central Core		South		Fringe		Total	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Vandalism														
Always	10.0	4.3	14.8	20.5	8.8	9.1	14.7	18.4	27.3	30.6	0.0	8.1	12.1	16.8
Sometimes	47.5	56.5	63.0	40.9	43.8	47.7	58.8	40.8	51.5	30.6	42.3	45.9	49.6	42.1
Almost Never	42.5	39.1	22.2	38.6	47.5	43.2	26.5	40.8	21.2	38.8	57.7	45.9	38.3	41.0
n=	40	23	27	44	80	44	34	76	33	49	26	37	240	273
Abandoned Cars														
Always	2.6	0.0	3.7	6.7	1.3	4.7	12.1	12.0	35.3	23.9	14.8	5.3	9.6	9.9
Sometimes	23.7	14.8	29.6	17.8	18.8	25.6	18.2	28.0	20.6	21.7	14.8	15.8	20.5	21.9
Almost Never	73.7	85.2	66.7	75.6	80.0	69.8	69.7	60.0	44.1	54.3	70.4	78.9	69.9	68.2
n=	38	27	27	45	80	43	33	75	34	46	27	38	239	274
Rowdy Teenagers														
Always	10.5	3.6	7.4	4.7	7.4	20.0	8.8	24.7	14.7	20.4	14.8	10.5	10.0	16.1
Sometimes	31.6	42.9	48.1	41.9	27.2	35.6	44.1	40.3	38.2	26.5	25.9	31.6	34.0	36.4
Almost Never	57.9	53.6	44.4	53.5	65.4	44.4	47.1	35.1	47.1	53.1	59.3	57.9	56.0	47.5
n=	38	28	27	43	81	45	34	77	34	49	27	38	241	280
Drug Dealing														
Always	0.0	4.8	30.8	15.8	3.2	13.5	9.1	12.9	36.4	15.9	4.0	6.3	11.0	12.4
Sometimes	3.0	9.5	30.8	15.8	11.1	18.9	27.3	27.4	22.7	27.3	16.0	15.6	16.2	20.9
Almost Never	97.0	85.7	38.5	68.4	85.7	67.6	63.6	59.7	40.9	56.8	80.0	78.1	72.8	66.7
n=	33	21	26	38	63	37	22	62	22	44	25	32	100	234
Abandoned Houses														
Always	0.0	3.6	0.0	0.0	2.5	0.0	6.3	5.5	21.2	20.4	0.0	10.5	4.6	6.9
Sometimes	2.5	0.0	11.1	11.1	3.7	9.5	15.6	13.7	21.2	14.3	7.4	2.6	8.8	9.8
Almost Never	97.5	96.4	88.9	88.9	93.8	90.5	78.1	80.8	57.6	65.3	92.6	86.8	86.7	83.3
n=	40	28	27	45	81	42	32	73	33	49	27	38	240	275
Vacant Property														
Always	0.0	3.7	0.0	4.5	6.2	0.0	12.5	5.4	32.3	20.8	0.0	7.9	8.0	7.3
Sometimes	7.7	11.1	29.6	20.5	16.0	14.0	25.0	24.3	22.6	22.9	11.1	15.8	17.7	19.3
Almost Never	92.3	85.2	70.4	75.0	77.8	86.0	62.5	70.3	45.2	56.3	88.9	76.3	74.3	73.4
n=	39	27	27	44	81	43	32	74	31	48	27	38	237	274
Break Ins														
Always	10.5	7.4	25.9	13.6	11.7	2.3	15.2	6.6	29.0	14.3	3.7	27.0	15.0	11.2
Sometimes	63.2	48.1	55.6	61.4	53.2	48.8	51.5	56.6	38.7	51.0	48.1	37.8	52.4	51.8
Almost Never	26.3	44.4	18.5	25.0	35.1	48.8	33.3	36.8	32.3	34.7	48.1	35.1	32.6	37.0
n=	38	27	27	44	77	43	33	76	31	49	27	37	233	276
Feel Safe on Street														
Always	50.0	63.0	33.3	40.5	54.4	58.7	41.2	38.2	35.3	16.7	76.9	50.0	49.2	42.2
Sometimes	47.5	37.0	59.3	47.6	35.4	34.8	38.2	42.1	50.0	39.6	19.2	38.9	40.8	40.4
Almost Never	2.5	0.0	7.4	11.9	10.1	6.5	20.6	19.7	14.7	43.8	3.8	11.1	10.0	17.5
n=	40	27	27	42	79	46	34	76	34	48	26	36	240	275

College Hill area and about one-third of the renters in the South Providence neighborhood areas felt vandalism to be a persistent problem.

Many of the types of problems included in our survey were found to be concentrated in certain neighborhood areas. For instance, respondents in the South Providence neighborhoods were more likely to mention abandoned cars, abandoned houses, and vacant property as persistent problems while respondents in other parts of the city generally felt that these types of problems almost never occurred in their neighborhoods.

Resident Satisfaction with City Services. In general, city residents are fairly well satisfied with the quality of city services. More than two-thirds of survey respondents rated the overall quality of city services as either "excellent" or "good" (Table 3). Fire department, public transportation, and garbage collection services received the highest marks whereas street repairs and snow plowing anchored the other end of the continuum. About sixty percent of the respondents rated street repairs as either "fair" or "poor". Policing and parks and recreation services ranked in the middle.

For the most part, satisfaction with city services was relatively uniform across each of the six neighborhood aggregates, although there were some important exceptions. For instance, while nearly two-thirds of the survey respondents

Table 3. Resident Satisfaction with City Services.
Percentages.

City Service	East Side		College Hill		North		Central Core		South		Fringe		Total	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Police Protection														
Excellent or Good	58.3	69.2	76.9	61.9	78.7	70.0	70.6	60.5	44.1	41.7	65.4	64.7	67.6	60.1
Fair or Poor	41.7	30.7	23.1	38.1	21.3	30.0	29.4	39.5	55.8	58.3	34.6	35.3	32.5	39.8
n=	36	26	26	42	75	40	34	71	34	48	26	34	231	261
Fire Department Services														
Excellent or Good	97.0	95.9	95.8	94.4	94.6	97.3	97.0	97.1	90.7	90.9	95.9	97.2	95.0	95.5
Fair or Poor	3.0	4.2	4.2	5.6	5.4	2.6	3.0	2.9	9.4	9.1	4.2	2.9	5.0	4.4
n=	33	24	24	36	74	38	33	70	32	44	24	35	220	247
Garbage Collection														
Excellent or Good	82.0	76.0	80.6	93.1	84.0	88.6	93.9	73.3	75.7	77.6	74.0	92.1	82.4	82.7
Fair or Poor	17.9	24.0	19.2	6.8	16.0	11.4	6.0	26.8	24.2	22.4	25.9	7.9	17.6	17.3
n=	39	25	26	44	81	44	33	71	33	49	27	38	239	271
Street Repairs														
Excellent or Good	30.0	30.8	37.0	36.4	41.1	61.0	45.5	36.0	32.4	34.0	55.5	45.9	39.7	40.2
Fair or Poor	70.0	69.2	62.9	63.6	59.0	39.0	54.5	64.0	67.7	66.0	44.4	54.0	60.3	59.4
n=	40	26	27	44	78	42	33	75	34	47	27	37	239	271
Snow Plowing														
Excellent or Good	47.5	32.1	55.6	37.2	50.0	43.2	58.8	46.1	23.5	50.0	66.6	62.1	49.6	45.7
Fair or Poor	52.5	67.9	44.4	62.8	50.0	56.8	41.1	53.8	76.5	50.0	33.3	37.8	50.4	54.3
n=	40	28	27	43	80	44	34	78	34	50	27	37	242	280
Park Services														
Excellent or Good	76.7	66.6	61.1	62.1	63.8	65.5	59.1	60.7	62.5	65.7	86.3	79.4	67.8	66.5
Fair or Poor	23.4	33.3	38.9	37.9	36.2	34.5	40.9	39.3	37.5	34.3	13.6	20.5	32.1	33.5
n=	30	24	18	29	58	29	22	56	24	35	22	34	174	207
Public Transportation														
Excellent or Good	84.9	80.8	90.0	82.4	85.7	92.5	81.5	90.3	75.0	73.9	90.0	91.2	84.3	85.7
Fair or Poor	15.1	19.2	10.0	17.6	14.3	7.5	18.5	9.7	25.0	26.1	10.0	8.8	15.7	14.3
n=	33	26	20	34	63	40	27	72	28	46	20	34	191	252
Overall City Services														
Excellent or Good	76.4	85.2	81.5	80.9	65.0	67.5	61.7	66.2	48.8	57.1	77.8	73.0	67.3	69.9
Fair or Poor	23.7	14.8	18.5	19.0	35.1	32.6	38.2	33.8	51.5	42.9	22.2	27.0	32.6	30.1
n=	38	27	27	42	80	43	34	74	33	49	27	37	239	272

reported police protection to be excellent or good, less than half of the residents in South Providence felt the same way.

RESIDENTIAL MOBILITY AND NEIGHBORHOOD TRANSITION

One of the topics our study focused on was neighborhood transition. We were interested in obtaining information on the perceptions of residents in regard to neighborhood change (that is, were many people moving in and/or out of their neighborhood), and to the extent possible, a personal mobility profile that would document the actual residential location decisions of Providence households over the past ten years.

Resident Perceptions of Neighborhood Transition. One portion of our survey instrument asked respondents whether they felt many people were moving into their neighborhood, why people were moving into their neighborhood, and where they felt people were moving from. A similar set of questions were asked relating to neighborhood out-migration.

Table 4, which reports the findings on these questions, shows that less than one-third of the respondents felt many people were moving into their neighborhood. Residents in the Central Core (39.8 percent) and College Hill (37.7 percent) neighborhoods were more likely to report many people were moving into their neighborhood than were respondents in the North (14.7 percent) and Fringe (16.9 percent) neighborhood areas.

Table 4. Resident Perceptions of Neighborhood Transition.
Percentages.

	East Side	College Hill	North	Central Core	South	Fringe	City Total
NEIGHBORHOOD IN-MIGRATION							
People Moving In							
Many	34.4	37.7	14.7	39.8	34.2	16.9	29.2
Some	25.0	33.3	28.4	29.1	21.1	27.1	27.5
Not Many	40.6	29.0	56.9	30.1	43.4	55.9	42.9
n=	64	69	116	103	76	59	487
Why Moving In							
Housing Affordability	5.3	8.3	12.5	27.1	28.6	32.1	18.6
Better Neighborhood	31.6	14.6	27.1	15.3	16.7	21.4	20.5
Schools	15.8	20.8	8.3	6.8	0.0	7.1	9.9
Personal*	5.3	8.3	6.3	10.2	7.1	10.7	8.0
Other	42.1	47.9	45.8	40.7	47.6	28.6	43.0
n=	38	48	48	59	42	28	263
Where Moving From							
Other Neigh. in City	27.6	19.4	33.3	41.7	28.6	47.1	31.8
Suburbs	3.4	0.0	13.3	8.3	3.6	0.0	5.1
Other Area in State	3.4	19.4	13.3	5.6	7.1	0.0	9.1
Boston Area	3.4	5.6	0.0	0.0	10.7	5.9	4.0
Areas Outside State	58.6	55.6	33.3	30.6	35.7	35.3	42.0
Areas Outside Country	3.4	0.0	6.7	13.9	14.3	11.8	8.0
n=	29	36	30	36	28	17	176
NEIGHBORHOOD OUT-MIGRATION							
People Moving Out							
Many	11.1	18.8	6.0	25.8	28.9	9.8	16.6
Some	22.2	21.7	19.7	25.8	14.5	24.6	21.3
Not Many	66.7	59.4	74.4	47.4	56.6	65.6	61.9
n=	63	69	117	97	76	61	483
Why Moving Out							
Housing Affordability	18.5	23.3	8.1	11.3	17.1	18.2	15.2
Better Neighborhood	3.7	6.7	24.3	39.6	42.9	40.9	27.9
Schools	11.1	3.3	0.0	3.8	0.0	0.0	2.9
Personal*	25.9	16.7	29.7	13.2	2.9	22.7	17.6
Other	40.7	50.0	37.8	32.1	37.1	18.2	35.8
n=	27	30	37	53	35	22	204
Where Moving To							
Other Neigh. in Prov.	26.3	47.4	24.1	24.3	45.5	47.1	33.3
Suburbs	36.8	15.8	41.4	43.2	31.8	41.2	36.1
Other Area in State	15.8	5.3	17.2	18.9	13.6	5.9	13.9
Areas Outside State	21.1	31.6	17.2	13.5	9.1	5.9	15.3
n=	19	19	29	37	22	17	143

*"Personal" includes reasons such as change of family structure, change of job, decision to buy a house, retirement, etc.

There were a variety of reasons given by respondents as to why people were moving into their neighborhoods. Overall, about forty percent of the respondents felt people were moving into their neighborhoods for personal reasons, such as change of family structure, change of job, decision to buy a home, retirement, and the like. About one-fifth of the respondents cited better neighborhood and a similar proportion reported housing affordability as reasons for neighborhood in-migration.

Slightly more than half of the survey respondents felt that people were moving into their neighborhoods from areas outside the state. However, despite much media publicity concerning a Boston invasion, only four percent of the respondents felt that people moving into their neighborhood were coming from the Boston metropolitan area. Respondents in the South Providence neighborhoods were more likely to note neighborhood in-migration of Boston area residents. Overall, about one-third of the respondents noted that people moving into their neighborhood were from other parts of the city.

Resident Perceptions of Neighborhood Out-Migration. Overall, less than one-fifth of the survey respondents felt that many people were moving out of their neighborhoods. In only two of the six neighborhood areas-- Central Core (25.8 percent) and South Providence (28.9 percent) --did more than one-fourth of the respondents feel that many people were moving out. Asked as to why people were moving out of their neighborhoods, seeking a

better neighborhood (27.9 percent) and housing affordability (15.2 percent) were the most frequently cited reasons, although more than half of the respondents cited personal and/or other factors such as student mobility, proximity to schools, access to neighborhood shopping and conveniences, change of family structure, change of job, and purchasing a home as reasons why people were leaving their neighborhood.

Nearly 70 percent of the survey respondents felt that those people leaving their neighborhoods were remaining within the Providence metropolitan area, split relatively evenly between those who felt people were moving to other neighborhoods in the city and those who felt people were moving to the suburbs.

Personal Housing Mobility. Nearly half of the survey respondents reported that they have lived in their current home for more than 10 years whereas less than 10 percent of the respondents noted that they have lived at their current address two years or less (Table 5). The North Providence and Central Core neighborhoods show evidence of the greatest residential stability as nearly sixty percent of the respondents in these neighborhood areas have lived in their current residence for more than 10 years. By contrast, less than one-third of the respondents in the College Hill area have lived in their homes for a comparable period.

Table 5. Residential Tenure and Personal Housing Mobility.
Percentages.

	East Side	College Hill	North	Central Core	South	Fringe	City Total
Tenure in Current Residence							
Less than 2 years	13.4	14.0	6.4	3.6	10.8	6.4	8.5
2 - 10 years	41.8	57.8	33.4	38.4	44.0	52.3	42.9
More than 10 years	44.8	28.2	59.5	58.0	45.2	41.3	48.6
n=	67	71	126	112	84	63	523
Where Moved From							
Other Neigh. in City	54.3	67.4	78.0	58.3	73.3	58.3	65.3
Suburbs	0.0	6.5	9.8	10.4	6.7	13.9	8.0
Other Area in State	22.9	6.5	7.3	16.7	6.7	19.4	12.7
Out of State	22.9	19.5	4.9	14.6	13.3	8.3	14.0
n=	35	46	41	48	45	36	251
Status of Prior Residence							
Rent	71.4	70.0	73.8	74.4	76.9	85.3	75.1
Own	28.6	30.0	26.2	25.6	23.1	14.7	24.9
n=	35	40	42	43	39	34	233
Why Moved From Prior Residence							
Change of Family	21.2	14.3	18.6	19.6	22.5	11.8	18.1
Change of Job	18.2	11.9	0.0	4.3	2.5	5.9	6.7
Rent Too High	3.0	14.3	9.3	2.2	12.5	2.9	7.6
Purchase Home	21.2	2.4	20.9	2.2	7.5	5.9	9.7
Better Neighborhood	0.0	7.1	7.0	6.5	5.0	5.9	5.5
Other	24.2	40.5	37.2	50.0	25.0	47.1	37.8
n=	33	42	43	46	40	34	238
Have You Been Asked to Sell Your Home Recently?							
Yes	35.1	37.0	30.4	33.3	59.4	53.8	39.0
No	64.9	63.0	69.6	63.3	40.6	46.2	60.6
n=	37	27	79	30	32	26	231
Number of Times Asked to Sell?							
Once	30.8	20.0	30.4	8.3	15.8	15.4	21.1
Twice	15.4	20.0	8.7	41.7	26.3	23.1	21.1
Three Times	30.8	10.0	13.0	33.3	15.8	38.5	22.2
More than Three Times	23.1	50.0	47.8	16.7	42.1	23.1	35.6
n=	13	10	23	12	19	13	90
Do You Plan to Sell Your Home?							
Yes	0.0	11.1	4.5	10.0	21.4	0.0	7.3
No	100.0	88.9	95.5	90.0	78.6	100.0	92.7
n=	13	9	22	10	14	14	82

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About two-thirds of the respondents reported that they moved to their current residence from another neighborhood within the city. Only 14 percent of the respondents noted that they moved to Providence from out-of-state; those that did move to the city from areas outside Rhode Island were most likely to settle in the East Side or College Hill neighborhood areas.

Respondents were most likely to cite personal factors as their reasons for moving. Less than 10 percent of the respondents noted high rents as a reason for moving. Residents in the College Hill and South Providence neighborhoods were about twice as likely to report high rents as their principal reason for moving.

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Single-Family Housing Market. Overall, nearly forty percent of the homeowners that participated in our survey reported that they had been asked to sell their home at least once during the past year. More than half of the respondents in the South Providence and Fringe neighborhood areas had been asked to sell their homes. Of those that had been asked to sell their home, about one-third noted that they had been asked more than three times to sell their home. Judging by the number of times homeowners have been approached to sell their homes, the most intensive real estate activity appears to be in the College Hill, North, and South neighborhood areas, although one should be cautious in drawing such generalizations based on the small

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number of respondents to this question in each of the six neighborhood areas. Less than 10 percent of the respondents that had been asked to sell their homes indicated that they planned to sell their home. About one-fifth of the South Providence home owners reported that they planned to sell their home.

LANDLORDS, RENTS, AND RENT BURDENS

Landlords. Tenant-landlord relations in Providence tend for the most part to be very personal ones and reflect in part the type of buildings that comprise the city's rental housing stock. More than two-thirds of the renter respondents in our survey lived in buildings with five or fewer apartments. More than half of our respondents lived in buildings with three units or less. Seven out of ten survey respondents cited an individual or a family as their type of landlord (Table 6). About one-third of the respondents reported that their landlord lived in the building and more than half noted that their landlord lived in the neighborhood. More than three-fourths of the respondents reported that their landlord lived in the city; only three percent noted that their landlord lived in the Boston metropolitan area.

Providence renters are generally fairly satisfied with their landlords and this too can be attributed to the relatively small size of rental properties and the frequency of contact between landlord and tenant (Table 7). One-third of the respondents reported that they see their landlord daily and almost half

Table 6. Characteristics of Landlords.
Percentages.

	East Side	College Hill	North	Central Core	South	Fringe	City Total
Type of Landlord							
Individual/Family	76.0	64.3	68.2	70.5	60.9	87.9	70.1
Company	24.0	35.7	31.8	28.2	37.0	12.1	29.1
Other	0.0	0.0	0.0	1.3	2.2	0.0	0.7
n=	25	42	44	78	46	33	268
Where does landlord live?							
In Neighborhood	34.8	59.0	57.9	53.8	33.3	71.0	52.3
Other Neigh. in City	39.1	25.6	13.2	24.6	28.2	6.5	22.6
Providence Suburb	21.7	10.3	18.4	3.1	23.1	16.1	13.6
Boston Area	0.0	0.0	2.6	6.2	5.1	0.0	3.0
Other	4.3	5.1	7.9	12.3	10.3	6.5	8.5
n=	23	39	38	65	39	31	235
Landlord Live in Building							
Yes	21.4	24.4	38.6	36.4	12.8	58.8	32.1
n=	28	41	44	77	47	34	271
Type of Rent Collection							
Collected In Person	3.7	26.8	25.0	25.3	41.7	25.7	26.3
Mail It	77.8	39.0	31.8	40.0	31.3	22.9	38.5
Bring It To Landlord	11.1	26.8	29.5	28.0	25.0	45.7	28.1
Other	7.4	7.3	13.6	6.7	2.1	5.7	7.0
n=	27	41	44	75	48	35	270
Type of Dwelling Unit							
Apartment Building	50.0	52.3	44.7	30.3	54.0	12.8	39.8
Multi-Family	42.9	45.5	44.7	63.2	42.0	84.6	54.6
Single-Family	7.1	2.3	10.6	6.5	4.0	2.6	5.6
n=	28	44	47	76	50	39	284
Number of Units in Building							
Two	19.2	11.9	22.7	14.5	6.4	36.8	17.6
Three	30.8	28.6	27.3	39.5	36.2	44.7	35.2
Four	3.8	9.5	18.2	2.6	6.4	2.6	8.8
Five	3.8	7.1	0.0	1.3	8.5	0.0	3.3
Six to Eight	15.4	21.4	11.4	13.2	14.9	13.2	14.7
More than Eight	26.9	21.4	20.5	21.1	27.7	2.6	20.1
n=	26	42	44	76	47	38	273

noted that they see their landlord at least once a week. A similar proportion noted that their apartments were checked regularly and more than half of the respondents (54.7 percent) reported that their landlord makes needed repairs very quickly. Overall, almost two-thirds of the respondents (62.1 percent) feel that relations with their landlord are very good.

While these numbers reflect the aggregate experience of Providence renters, there are some noticeable variations across neighborhood areas which suggest that the dynamics of the rental housing market in Providence are quite different, depending upon which neighborhood area one chooses to investigate.

For instance, nearly sixty percent of the respondents in the Fringe neighborhoods reported that their landlord lives in the building, about twice the overall city rate, and in marked contrast with the South Providence neighborhoods which they border where only about 10 percent of the respondents noted that their landlord lives in their building. Whether or not the landlord lives in the building is an important factor related to renter satisfaction with their landlord. Although the characteristics of the housing stock and resident populations are quite different, East Side, College Hill, Central Core, and South Providence neighborhoods all tended to show relatively greater proportions of respondents who felt that their landlords rarely make needed repairs and they were also more likely to characterize their overall relations with their landlord as poor.

Table 7. Renter Satisfaction with Landlord.
Percentages.

	East Side	College Hill	North	Central Core	South	Fringe	City Total
How Often Do You See Your Landlord?							
Daily	7.4	41.5	43.2	30.7	25.0	50.0	33.5
Weekly	14.8	12.2	11.4	17.3	10.4	14.7	13.8
Monthly	29.6	14.6	13.6	24.0	25.1	20.6	21.2
Few Times A Year	14.8	29.3	15.9	10.7	20.8	14.7	17.1
Never	33.3	2.4	15.9	17.3	18.8	0.0	14.5
n=	27	41	44	75	48	34	269
Is Your Apartment Checked Regularly?							
Yes	30.8	45.2	54.5	53.9	47.9	41.2	47.8
n=	26	42	44	76	48	34	270
Landlord Makes Needed Repairs							
Very Quickly	52.0	43.9	64.1	56.8	50.0	60.6	54.7
After a Few Days	16.0	29.3	20.5	17.6	15.2	24.2	20.2
After Several Weeks	16.0	9.8	5.1	6.8	17.4	6.1	9.7
Rarely	16.0	17.1	10.3	18.9	17.4	9.1	15.5
n=	25	41	39	74	46	33	258
Relations With Landlord							
Very Well	62.5	54.8	70.7	60.8	51.2	76.5	62.1
Well	29.2	38.1	29.3	33.8	43.9	20.6	33.2
Poorly	8.3	7.1	0.0	5.4	4.9	2.9	4.7
n=	24	42	41	74	41	34	256
Has Your Building Been Sold Recently?							
Yes	3.7	17.5	11.4	25.0	21.3	8.6	16.6
No	96.3	82.5	88.6	75.0	78.7	91.4	83.4
n=	27	40	44	72	47	35	265
Were You Informed of Building Sale?							
Yes	66.7	85.7	71.4	70.6	60.0	100.0	72.3
n=	3	7	7	17	10	3	47

One of the concerns expressed by the Committee prior to the administration of the household survey was that tenants were being displaced as a result of increased real estate transactions. While there are other more direct methods of investigating this issue, we believe our survey results provide some evidence that suggests this problem may be confined to a few neighborhood areas, particularly those in the South Providence and Central Core neighborhoods. Respondents in these areas were more likely to report that their building had been sold and somewhat less likely to have been informed of their building's sale.

Rents. Nearly two-thirds of our survey respondents reported that their rents had been raised during the past year (Table 8). Almost three-fourths (72.9 percent) of the respondents in the South Providence neighborhoods experienced a rent increase whereas less than half (47.2 percent) of the renters in the Fringe neighborhoods had their rents raised. Overall, the mean rent increase among all respondents was about 12 percent, which is about three times the inflation rate over the past year. Nearly 15 percent of the respondents in the four South Providence neighborhood areas reported that their rents had increased by thirty percent or more during the past year, whereas all of the respondents from the East Side reported that their rent increases had been less than 10 percent.

Table 8. Rent Burden and Perception of Rent Levels.
Percentages.

	East Side	College Hill	North	Central Core	South	Fringe	City Total
RENT BURDEN							
Mean Monthly Rent							
Two Bedroom Apartment	\$520	\$308	\$391	\$342	\$322	\$298	\$355
n=	12	9	12	34	16	18	101
Rent Burden (Ratio of Household Income)							
One-Fourth or Less	60.9	47.2	40.6	45.2	33.3	34.4	42.7
One-Third	17.4	22.2	31.3	19.4	31.0	37.5	26.0
One-Half	17.4	22.2	21.9	21.0	31.0	15.6	22.0
More Than Half	4.3	8.3	6.3	14.5	4.8	12.5	9.3
n=	23	36	32	62	42	32	227
Rent Raised Last Year							
Yes	66.7	58.5	58.1	64.8	72.9	47.2	62.0
n=	27	41	43	71	48	36	266
Percentage Rent Increase							
Less Than 10 Percent	100.0	76.2	52.6	51.2	57.1	35.3	60.1
10 - 19 Percent	0.0	9.5	26.3	34.1	21.4	47.1	24.5
20 - 29 Percent	0.0	4.8	10.5	12.2	7.1	11.8	8.4
More Than 30 Percent	0.0	9.5	10.5	2.4	14.3	5.9	7.0
Mean	6.7	9.9	15.1	10.8	14.3	14.4	11.9
n=	17	21	19	41	28	17	143
PERCEPTION OF RENT LEVELS							
Rent Compared to Other Neighborhoods							
More Than	47.8	33.3	7.9	10.8	11.6	23.5	19.1
Less Than	30.4	36.4	47.4	47.7	41.9	58.8	44.9
About the Same	21.7	30.3	44.7	41.5	46.5	17.6	36.0
n=	23	33	38	65	43	34	236
Frequency of Rent Increases Compared to Other Neighborhoods							
More Frequently	5.6	33.3	9.7	15.7	11.4	10.3	14.7
Not as Frequently	44.4	25.9	38.7	43.1	42.9	51.7	41.4
About the Same	50.0	40.7	51.6	39.2	45.7	37.9	43.5
n=	18	27	31	51	35	29	191

Our results indicate that about one-third of the respondents are paying one-half or more of their monthly household income for rent and related utilities (e.g., gas and electric) with rent burden being most severe among lower-income households (see Table 9). According to the 1983 Annual Housing Survey, the median rent burden nationally among central city households was 31 percent and about one-fourth of central city households were paying half or more of their monthly income for rent.

Our findings show that the rent burden is greater among lower-income households. Almost half (44.4 percent) of all survey respondents with annual household incomes of \$10,000 or less reported that they were paying half or more of their monthly household income for rent. Less than 10 percent of the households with annual incomes of \$25,000 or more were paying a similar proportion. Table 9 also indicates that lower-income households, as a group, experienced larger percentage increase in their rents. More than twice as many lower income households experienced a rent increase of 30 percent or more during the past year as opposed to renters in the other two income categories.

Table 9. Rent and Rent Burden by Income Group.
Percentages.

	Less Than \$10,000	\$10,000- \$25,000	More Than \$25,000	Total
Rent Raised Within Past Year				
Yes	61.6	67.1	73.0	66.1
n=	73	82	37	192
Rent Burden (Ratio of Household Income)				
One-Quarter	25.4	43.8	80.6	44.7
One-Third	30.2	28.8	11.1	25.7
One-Half	25.4	21.3	5.6	19.6
More than Half	19.0	6.3	2.8	10.1
n=	63	80	36	179
Percentage Rent Increase				
Less than 10 percent	61.4	55.4	64.3	59.4
10 - 19 percent	20.5	25.0	28.6	24.2
20 - 29 percent	6.8	14.3	3.6	9.4
More than 30 percent	11.4	5.4	3.6	7.0
Mean percentage increase	13.1	12.9	9.4	12.2
n=	44	56	28	128
Why Moved From Prior Residence				
Change of Family	8.9	15.1	26.7	15.6
Change of Job	6.7	5.7	26.7	10.9
Rent Too high	11.1	13.2	0.0	9.4
Purchase Home	0.0	1.9	0.0	0.8
Other	46.7	43.4	33.3	42.2
n=	45	53	30	128

CONCLUSIONS

Our findings indicate that there is a severe housing problem, but it is not citywide in scope. Most residents are reasonably satisfied with their housing situation and the quality of city services. However, residents in some neighborhoods, particularly those in the Central Core and South Providence areas, have been especially hard hit.

In addition, our results show that the poor, regardless of their geographic location within the city, are especially vulnerable to the recent changes in the Providence housing market. Our findings indicate that the poorest households experienced larger percentage increases in their rents and were paying a higher proportion of their income for rent. Nearly half (44 percent) of the households with incomes less than \$10,000 were paying 50 percent or more of their monthly income for rent.

In light of these findings, a citywide response to the problems and concerns identified in this survey seems unwarranted. Policy options that are geographically targeted to the areas of greatest need and/or are means tested in the sense that assistance is provided to lower-income households seem to be a more appropriate response. As a next step, we urge that the Committee begin to explore policy options of this type and examine the experience comparable cities have had with social and/or geographically targeted housing assistance programs.

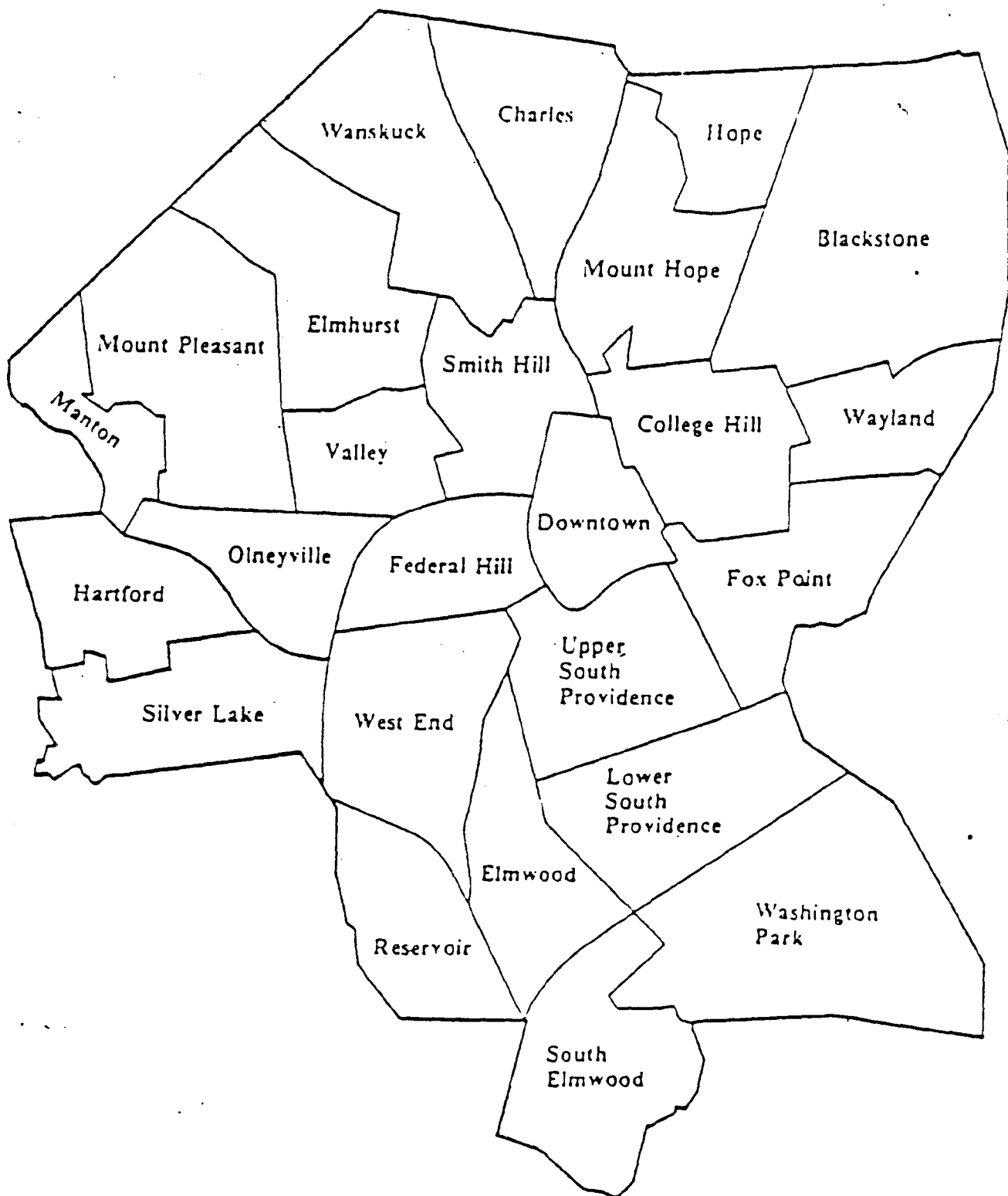
APPENDIX

SAMPLING METHODOLOGY

Our analysis is based on a stratified random cluster sample of 535 owner-occupied and renter-occupied households in the city of Providence. The primary sampling frame used in the construction of the study sample was the 25 neighborhood areas (see Figure A-1) identified by the city for use in the Neighborhood Statistics Program, which was administered as part of the 1980 Census. Each of the 25 neighborhood areas was further stratified by census tract and block group and a separate sample was then selected for owner-occupied and renter-occupied housing units.

Our aim was to draw a total sample of about 1000 units that would allow for generalization within reasonable limits of sampling error to both neighborhood areas and the city as a whole, and reflect the relative distribution of housing units in the city by tenure status. Our sampling interval was obtained by dividing the total number of occupied housing units in the city (67,535) by our target sample size (1,009) which means that we selected every 67th housing unit as a sampling point. That is, we used the sampling interval to identify the census block groups in each of the 25 neighborhood areas from which we would select a housing unit. Since the census block groups are clustered

Providence Neighborhood Boundaries



Source: Neighborhood Strategy: A Plan and Program to "Build Pride in Providence." Department of Planning and Development, June 1985.

geographically, the sampling interval ensures that housing units are drawn from all over each of the 25 neighborhood areas and in turn, the city as a whole.

Once we identified the blocks from which we would draw housing units, the next step was to select one or more housing units depending on the size of the block group. Since each census block group consists of four streets, our strategy was to select from the top horizontal street from the first block group and move in a clockwise direction in subsequent block groups. Having selected the street, we then used a table of random numbers to pick a specific housing unit. For example, we selected the housing unit whose street address was closest to the random number selected. We used the 1986 edition of R.L. Polk's City Directory for Providence to obtain street addresses and telephone numbers for housing units included in the sample.

Having compiled a sampling list of 1,009 housing units (374 owner-occupied and 635 renter-occupied) that reflected a proportionate distribution of units by neighborhood area and tenure status, we then telephoned each household during the first three weeks of March 1987. In instances where street address and telephone number of the respondent household did not match our sampling list, the household was dropped from our sample. In these cases, as well as those of "not-at-home" and refusals to participate, replacement units were selected and generally tended to be the next adjacent housing unit of the same tenure type.

We achieved a response rate of 53 percent although the frequency of response was much greater for owner-occupied (66 percent) as opposed to renter-occupied (45 percent) households (see Table A-1). Overall, we made more than 3,000 telephone calls to Providence households during the first three weeks of March, which resulted in a yield of about one completed interview for every six telephone calls. While we did not consistently record the characteristics of our non-respondents, we suspect that the vast majority of non-responses was due to the lack of a match between address and telephone number as opposed to refusal to participate. If one considers the Polk City Directory to be an accurate listing of Providence households, then there appears to be much more residential mobility, particularly among renter households, than our survey picked up.

Confidence Intervals. For most items reported the margin of error is about plus or minus four to five percentage points at a confidence level of 95 percent. This means that 95 times out of 100 we can state with certainty that the population value falls somewhere within the range of four to five percentage points in either direction of our sample estimate. However, it is important to note that the confidence interval widens as the sample size decreases. For instance, items reporting 50 respondents or less typically have a margin of error of plus or minus 10 - 12 percentage points whereas the margin of error is only plus or minus three to four percentage points for those items with 500

Table A-1. Survey Response Rates by Neighborhood.

	Owner Occupied				Renter Occupied			
	Sample	Completed	Percent	Weights	Sample	Completed	Percent	Weights
Providence	370	247	66.8%		633	288	45.5%	
Blackstone	31	20	64.5%	1.55	15	14	93.3%	1.07
Charles	19	16	84.2%	1.19	23	11	47.8%	2.09
College Hill	9	9	100.0%	1.00	29	11	37.9%	2.64
Downtown	0	0	100.0%	0.00	19	11	57.9%	1.73
Elmhurst	43	27	62.8%	1.59	21	9	42.9%	2.33
Elmwood	15	12	80.0%	1.25	48	16	33.3%	3.00
Federal Hill	11	10	90.9%	1.10	46	20	43.5%	2.30
Fox Point	9	13	144.4%	0.69	30	15	50.0%	2.00
Hartford	13	7	53.8%	1.86	23	9	39.1%	2.56
Hope	14	13	92.9%	1.08	11	5	45.5%	2.20
Lower South Providence	9	5	55.6%	1.80	19	6	31.6%	3.17
Manton	5	5	100.0%	1.00	3	3	100.0%	1.00
Mount Hope	10	5	50.0%	2.00	28	19	67.9%	1.47
Mount Pleasant	34	19	55.9%	1.79	22	10	45.5%	2.20
Olneyville	12	6	50.0%	2.00	32	18	56.3%	1.78
Reservoir	11	5	45.5%	2.20	6	2	33.3%	3.00
Silver Lake	25	10	40.0%	2.50	36	17	47.2%	2.12
Smith Hill	10	8	80.0%	1.25	30	11	36.7%	2.73
South Elmwood	4	2	50.0%	2.00	4	7	175.0%	0.57
Upper South Providence	5	5	100.0%	1.00	23	8	34.8%	2.88
Valley	8	3	37.5%	2.67	13	10	55.6%	1.80
Wanskuck	23	16	69.6%	1.44	32	14	43.8%	2.29
Washington Park	21	10	47.6%	2.10	21	13	61.9%	1.62
Wayland	9	9	100.0%	1.00	27	9	33.3%	3.00
West End	20	12	60.0%	1.67	65	20	30.8%	3.25

respondents. Confidence intervals for selected sample sizes are listed below:

<u>Sample Size</u>	<u>Confidence Interval</u>
50	Plus or minus 10-12 percent
100	Plus or minus 8-9 percent
200	Plus or minus 5-6 percent
300	Plus or minus 4-5 percent
400	Plus or minus 4-5 percent
500	Plus or minus 3-4 percent

City Council Survey (Peter Eisinger, Michael Rich, and Thomas Anton)
March, 1987
A. Alfred Taubman Center
for Public Policy and American Institutions
Brown University
Providence, Rhode Island 02912

HOUSING SURVEY -- OWNERS

Completion Code (circle appropriate number):

Completed Interview 1
Partial Interview 2
No Answer 3
Non-Working Number 4
Business Number 5
Language Problem 6
Outright Refusal 7
No One Available 8
Other 9

Respondent ID Code: (leave blank) _____ (1-4)

Introduction: Hello. My name is _____. We are conducting a survey for the Providence City Council's Committee on Housing Policy. Is this _____ (phone number)? Am I speaking to someone at _____ (address)? Are you an adult member of this household? (If no, may I speak to someone who is?) Would you be willing to take about ten minutes and answer some questions for us?

Do you rent _____ or own _____ your home? (check one)

I. Demographic Characteristics

1. What is your age? _____ (5-6)

2. Sex of Respondent

Male 1 (7)
Female 2
No Answer 9

3. What is the highest grade in school that you finished? (Do not read choices)

8th grade or less 1 (8)
Some high school 2
High school graduate 3
Some college 4
College graduate 5
Post-graduate 6
Don't Know 8
No Answer 9

4. Are you currently employed?

Yes 1 (9) (SKIP TO #7)
No 2
Don't Know 8
No Answer 9

5. Are you retired?

Yes 1 (10) (SKIP TO #8)
No 2
Don't Know 8
No Answer 9

6. How long have you been unemployed? _____ (11) (Don't Know, 8; No Answer, 9)

7. What is your occupation? _____ (12) (Don't Know, 8; No Answer, 9)

8. How many adults live in your household? (Do not read choices)

One 1 (13)
Two 2
Three 3
Four 4
Five 5
More than five 6
Don't know 8
No Answer 9

9. How many children live in your household? (do not read choices)

None 0 (14)
One 1
Two 2
Three 3
Four 4
Five 5
More than five 6
Don't Know 8
No Answer 9

II. Home/Neighborhood Conditions

10. Now we're interested in finding out about your home and neighborhood. How old is your home? (do not read choices)

1-5 years 1 (15)
6-10 years 2
11-15 years 3
16-20 years 4
older than 21 years 5
Don't know 8
No Answer 9

11. Is your home a single-family or multi-family house?

Single-family	1	(16)
Multi-family	2	
Don't Know	8	
No Answer	9	

12. How many rooms are in your home, not counting bathrooms? (do not read choices)

One	1	(17)
Two	2	
Three	3	
Four	4	
Five	5	
More than five	6	
Don't Know	8	
No Answer	9	

13. Of these, how many are bedrooms? (do not read choices)

One	1	(18)
Two	2	
Three	3	
Four	4	
Five	5	
More than five	6	
Don't Know	8	
No Answer	9	

Now we would like you to tell us about the safety of your home and neighborhood. Please rate the following safety items on the scale of ALWAYS, SOMETIMES, or ALMOST NEVER (Repeat scale after each item until interviewee learns it).

14. Do you feel safe on your street?

Always	1	(19)
Sometimes	2	
Almost Never	3	
Don't Know	8	
No Answer	9	

15. Do you feel safe in your home?

Always	1	(20)
Sometimes	2	
Almost Never	3	
Don't Know	8	
No Answer	9	

How often do you consider the following items to be a problem in your neighborhood?
Please continue to rate them using the scale of ALWAYS, SOMETIMES, or ALMOST
NEVER (Repeat scale after each item until interviewee learns it).

16. Vandalism

Always	1 (21)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

17. Abandoned Cars

Always	1 (22)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

18. Rowdy Teenagers

Always	1 (23)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

19. Drug Dealing

Always	1 (24)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

20. Abandoned Houses

Always	1 (25)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

21. Vacant, Unkempt Property

Always	1 (26)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

22. Break-Ins

Always	1	(27)
Sometimes	2	
Almost Never	3	
Don't Know	8	
No Answer	9	

23. Is there anything else that you consider to be a problem in your neighborhood that we did not mention? _____ (28)

How would you rate the following Providence City services on a scale of EXCELLENT, GOOD, FAIR, or POOR? (Repeat scale after each item until interviewee learns it).

24. Police protection

Excellent	1	(29)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

25. Fire department services

Excellent	1	(30)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

26. Garbage collection

Excellent	1	(31)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

27. Street repairs

Excellent	1	(32)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

28. Snow plowing

Excellent	1	(33)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

29. Park services

Excellent	1	(34)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

30. Public transportation

Excellent	1	(35)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

31. Please rate the overall level of city services that are provided to your neighborhood. Would you say that they are EXCELLENT, GOOD, FAIR, or POOR?

Excellent	1	(36)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

32. Would you say that the services provided to your neighborhood are BETTER, ABOUT THE SAME, or WORSE compared to other neighborhoods in Providence?

Better	1	(37)
About the Same	2	
Worse	3	
Don't Know	8	
No Answer	9	

33. Are there any neighborhoods in Providence that you think receive better services?

Yes	1	(38)
No	2	(Go to #35)
Don't Know	8	
No Answer	9	

34. Which ones? _____ (39-40) (no answer, 99)

35. Are there any neighborhoods in Providence that you think receive worse services?

Yes	1	(41)
No	2	(Go to #37)
Don't Know	8	
No Answer	9	

36. Which ones? _____ (42-43) (No answer, 99)

37. We are also interested in finding out if people are frequently moving into or out of your neighborhood. Would you say that MANY, SOME, or NOT MANY people are moving into your neighborhood?

Many	1	(44)
Some	2	
Not many	3	(If "not many" go to Q 40)
Don't Know	8	
No Answer	9	

38. Why do you think people are moving into your neighborhood? (do not read choices)

Housing affordability	00	(45-46)
Change of family structure	01	
Change of Job	02	
They've retired	03	
Need for bigger home	04	
Better neighborhood	05	
Wanted to buy a home	06	
Schools	07	
Other	08	(please specify)
Don't Know	09	
No Answer	99	

39. Where do you think they are moving from? (do not read choices)

Other neighborhoods in Providence	1	(47)
Suburbs of Providence	2	
Other area in Rhode Island	3	
Boston	4	
Other areas outside of state	5	
Outside of country	6	
Don't Know	8	
No Answer	9	

40. Would you say that MANY, SOME, or NOT MANY friends and neighbors are moving out of your neighborhood?

Many 1 (48)

Some 2

Not many 3

Don't Know 8

No Answer 9

(If "not many" Go To Q 43)

41. Why do you think they are moving out? (do not read choices)

Can't afford home 00 (49-50)

Change of family structure 01

Change of Job 02

They've retired 03

Need for bigger home 04

Better neighborhood 05

Wanted to buy a home 06

Schools 07

Other 08 (please specify)

Don't Know 09

No Answer 99

42. Where do you think they are moving to? (do not read choices)

Other neighborhoods in Providence 1 (51)

Suburbs of Providence 2

Other area in Rhode Island 3

Boston 4

Other areas outside state 5

Outside of country 6

Don't Know 8

No Answer 9

43. Have you been asked to sell your home recently?

Yes 1 (52)

No 2 (Go to ~~Q 47~~ Q 48)

Don't Know 8

No Answer 9

44. How many times? (Do not read choices)

Once 1 (53)

Twice 2

Three times 3

More than three times 4

Don't Know 8

No Answer 9

45. By whom were you asked? _____ (54-55) (no answer, 99)

46. Do you plan to sell your home?

Yes	1	(56)
No	2	(Go to #48)
Don't Know	8	
No Answer	9	

47. Why? (do not read choices)

Upkeep is too high	1	(57)
Change of family structure	2	
Change of job	3	
Looking for a better neighborhood	4	
For profit	5	
Will retire soon	6	
Other	7	(please specify) _____
Don't Know	8	
No Answer	9	

III. Housing Mobility History and Rent Burden

48. How long have you lived in your current home?

Under 6 months	1	(58)
6 months - 1 year	2	
1-2 years	3	
2-5 years	4	
5-10 years	5	
More than 10 years	6	
Don't Know	8	
No Answer	9	

49. What is the current assessed value of your home? _____
(59-60) (don't know, 98; no answer, 99)

50. Would you say that the upkeep of your home is a HEAVY BURDEN, A MODERATE BURDEN, or NO BURDEN?

Heavy Burden	1	(61)
Moderate Burden	2	
No Burden	3	
Don't Know	8	
No Answer	9	

51. Have you thought of selling your home due to upkeep costs?

Yes	1	(62)
No	2	
Don't Know	8	
No Answer	9	

52. Have you thought of selling your home due to property taxes?

Yes	1	(63)
No	2	
Don't Know	8	
No Answer	9	

(If interviewee has lived in present home for less than 10 years, continue with #53. Otherwise, skip to #61).

53. Where did you live before your present home? (do not read choices)

Other neighborhood of Providence	1	(64)
Suburb of Providence	2	
Other area in Rhode Island	3	
Out of state	4	
Out of country	5	
Don't Know	8	
No Answer	9	

54. How long did you live there? _____ (65) (no answer, 9)

55. Did you rent or own this home?

Rent	1	(66)
Own	2	
Don't Know	8	
No Answer	9	

56. Why did you move? (do not read choices)

Rent was too high	00	(67-68)
Change of family structure	01	
Change of Job	02	
They've retired	03	
Wanted better housing	04	
Need for bigger home	05	
Wanted better neighborhood	06	
Needed a bigger home	07	
Wanted to buy a home	08	
Other	09	(please specify)
Don't Know	98	
No Answer	99	

(If you still have not established a ten-year housing history, continue with #57. Otherwise, skip to #61).

57. Where did you live before your ~~previous residence~~ (do not read choices)
previous residence?

- Other neighborhood of Providence 1 (69)
- Suburb of Providence 2
- Other area in Rhode Island 3
- Outside of state 4
- Outside of country 5
- Don't Know 8
- No Answer 9

58. How long did you live there? _____ (70) (no answer, 9)

59. Did you rent or own this home?

- Rent 1 (71)
- Own 2
- Don't Know 8
- No Answer 9

60. Why did you move? (do not read choices)

- Rent was too high 00 (72-73)
- Change of family structure 01
- Change of Job 02
- They've retired 03
- Wanted better housing 04
- Need for bigger home 05
- Wanted better neighborhood 06
- Needed a bigger home 07
- Wanted to buy a home 08
- Other 09 (please specify)
- Don't Know 98
- No Answer 99

IV. Income Information

61. Finally, we are interested in learning about your yearly household income. Please tell me in which of the following categories your yearly household income falls?

- \$0 - \$4,999 1 (74)
- \$5,000 - \$9,999 2
- \$10,000 - 14,999 3
- \$15,000 - 19,999 4
- \$20,000 - 24,999 5
- \$25,000 - \$49,999 6
- Above \$50,000 7
- Don't Know 8
- No Answer 9

62. (If not retired). Does your income come mainly from your job?

Yes	1	(75)
No	2	
Don't Know	8	
No Answer	9	

63. Do you collect unemployment?

Yes	1	
No	2	(2-1)
Don't Know	8	
No Answer	9	

64. Do you collect welfare or Aid to Families with Dependent Children?

Yes	1	
No	2	(2-2)
Don't Know	8	
No Answer	9	

65. Do you collect disability?

Yes	1	
No	2	(2-3)
Don't Know	8	
No Answer	9	

66. Do you collect Social Security?

Yes	1	
No	2	(2-4)
Don't Know	8	
No Answer	9	

67. Do you collect any other forms of government compensation?

Yes	1	
No	2	(2-5)
Don't Know	8	
No Answer	9	

68. Just for the purposes of our survey accuracy, how would you describe your race or ethnic background?

White	1	(2-6)	
Hispanic	2		
Black	3		
Asian	4		
Other	5	(please specify)	
<hr/>			
Don't Know	8		
No Answer	9		

69. Neighborhood Code _____ (2:7-8)

THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION.

City Council Survey (Peter Eisinger, Michael Rich, and Thomas Anton)
March, 1987
A. Alfred Taubman Center
for Public Policy and American Institutions
Brown University
Providence, Rhode Island 02912

HOUSING SURVEY -- RENTERS

Completion Code (circle appropriate number):

- Completed Interview 1
- Partial Interview 2
- No Answer 3
- Non-Working Number 4
- Business Number 5
- Language Problem 6
- Outright Refusal 7
- No One Available 8
- Other 9

Respondent ID Code: (leave blank) _____ (1-4)

Introduction: Hello. My name is _____. We are conducting a survey for the Providence City Council's Committee on Housing Policy. Is this _____ (phone number)? Am I speaking to someone at _____ (address)? Are you an adult member of this household? (If no, may I speak to someone who is?) Would you be willing to take about ten minutes and answer some questions for us?

Do you rent _____ or own _____ your home? (check one)

I. Demographic Characteristics

1. What is your age? _____ (5-6)

2. Sex of Respondent

- Male 1 (7)
- Female 2
- No Answer 9

3. What is the highest grade in school that you finished? (Do not read choices)

- 8th grade or less 1 (8)
- Some high school 2
- High school graduate 3
- Some college 4
- College graduate 5
- Post-graduate 6
- Don't Know 8
- No Answer 9

4. Are you currently employed?

Yes 1 (9) (SKIP TO #7)
 No 2
 Don't Know 8
 No Answer 9

5. Are you retired?

Yes 1 (10) (SKIP TO #8)
 No 2
 Don't Know 8
 No Answer 9

6. How long have you been unemployed? _____ (11) (Don't Know, 8; No Answer, 9)

7. What is your occupation? _____ (12) (Don't Know, 8; No Answer, 9)

8. How many adults live in your household? (Do not read choices)

One 1 (13)
 Two 2
 Three 3
 Four 4
 Five 5
 More than five 6
 Don't know 8
 No Answer 9

9. How many children live in your household? (do not read choices)

None 0 (14)
 One 1
 Two 2
 Three 3
 Four 4
 Five 5
 More than five 6
 Don't Know 8
 No Answer 9

II. Apartment/Neighborhood Conditions

10. Now we're interested in finding out about your home and neighborhood. Do you live in an APARTMENT BUILDING, MULTI-FAMILY HOUSE, or SINGLE-FAMILY HOUSE?

Apartment building 1 (15)
 Multi-family 2
 Single-family 3
 Don't Know 8
 No Answer 9

11. About how many units are in your building? (do not read choices)

Two	1	(16)
Three	2	
Four	3	
Five	4	
Six to eight	5	
More than eight	6	
Don't Know	8	
No Answer	9	

12. How many rooms are in your apartment, not counting bathrooms? (do not read choices)

Efficiency	1	(17)
Two	2	
Three	3	
Four	4	
Five	5	
More than five	6	
Don't Know	8	
No Answer	9	

13. Of these, how many are bedrooms? (do not read choices)

Efficiency	1	(18)
Two	2	
Three	3	
Four	4	
Five	5	
More than five	6	
Don't Know	8	
No Answer	9	

Would you say that you have problems with the following ALWAYS, SOMETIMES, or ALMOST NEVER? (Repeat scale after each item until interviewee learns it).

14. Plumbing system

Always	1	(19)
Sometimes	2	
Almost Never	3	
Don't Know	8	
No Answer	9	

15. Heating system

Always	1	(20)
Sometimes	2	
Almost Never	3	
Don't Know	8	
No Answer	9	

16. Major Appliances

Always	1 (21)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

17. Electrical Appliances

Always	1 (22)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

18. Screens and Storm Windows

Always	1 (23)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

19. Leaks

Always	1 (24)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

20. Broken Stairs

Always	1 (25)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

21. Rats or Rodents

Always	1 (26)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

22. Do you have hot running water?

Yes	1 (27)
No	2
Don't Know	8
No Answer	9

23. How would you describe the overall condition of your apartment? Would you say that it is EXCELLENT, GOOD, FAIR, or POOR?

Excellent	1 (28)
Good	2
Fair	3
Poor	4
Don't Know	8
No Answer	9

Now we would like you to tell us about the safety of your apartment and neighborhood. Please rate the following safety items on the scale of ALWAYS, SOMETIMES, or ALMOST NEVER (Repeat scale after each item until interviewee learns it).

24. Do you feel safe in your apartment?

Always	1 (29)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

25. Do you feel safe in your apartment building?

Always	1 (30)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

26. Do you feel safe on your street?

Always	1 (31)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

How often do you consider the following items to be a problem in your neighborhood? Please continue to rate them using the scale of ALWAYS, SOMETIMES, or ALMOST NEVER (Repeat scale after each item until interviewee learns it).

27. Vandalism

Always	1 (32)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

28. Abandoned Cars

Always	1 (33)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

29. Rowdy Teenagers

Always	1 (34)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

30. Drug Dealing

Always	1 (35)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

31. Abandoned Houses

Always	1 (36)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

32. Vacant, Unkempt Property

Always	1 (37)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

33. Break-Ins

Always	1 (38)
Sometimes	2
Almost Never	3
Don't Know	8
No Answer	9

34. Is there anything else that you consider to be a problem in your neighborhood that we did not mention? _____ (39)

How would you rate the following Providence City services on a scale of EXCELLENT, GOOD, FAIR, or POOR? (Repeat scale after each item until interviewee learns it).

35. Police protection

Excellent	1	(40)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

36. Fire department services

Excellent	1	(41)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

37. Garbage collection

Excellent	1	(42)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

38. Street repairs

Excellent	1	(43)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

39. Snow plowing

Excellent	1	(44)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

40. Park services

Excellent	1	(45)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

41. Public transportation

Excellent	1	(46)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

42. Please rate the overall level of city services that are provided to your neighborhood. Would you say that they are EXCELLENT, GOOD, FAIR, or POOR?

Excellent	1	(47)
Good	2	
Fair	3	
Poor	4	
Don't Know	8	
No Answer	9	

43. Would you say that the services provided to your neighborhood are BETTER, ABOUT THE SAME, or WORSE compared to other neighborhoods in Providence?

Better	1	(48)
About the Same	2	
Worse	3	
Don't Know	8	
No Answer	9	

44. Are there any neighborhoods in Providence that you think receive better services?

Yes	1	(49)
No	2	(Go to #46)
Don't Know	8	
No Answer	9	

45. Which ones? _____ (50-51) (no answer, 99)

46. Are there any neighborhoods in Providence that you think receive worse services?

Yes	1	(52)
No	2	(Go to #48)
Don't Know	8	
No Answer	9	

47. Which ones? _____ (53-54) (No answer, 99)

48. We are also interested in finding out if people are frequently moving into or out of your neighborhood. Would you say that MANY, SOME, or NOT MANY people are moving into your neighborhood?

Many 1 (55)
Some 2
Not many 3
Don't Know 8
No Answer 9

(If "NOT MANY"
GO TO Q51)

49. Why do you think people are moving into your neighborhood? (do not read choices)

Housing affordability 00 (56-57)
Change of family structure 01
Change of Job 02
They've retired 03
Need for bigger home 04
Better neighborhood 05
Wanted to buy a home 06
Schools 07
Other 08 (please specify)
Don't Know 09
No Answer 99

50. Where do you think they are moving from? (do not read choices)

Other neighborhoods in Providence 1 (58)
Suburbs of Providence 2
Other area in Rhode Island 3
Boston 4
Other areas outside of state 5
Outside of country 6
Don't Know 8
No Answer 9

51. Would you say that MANY, SOME, or NOT MANY friends and neighbors are moving out of your neighborhood?

Many 1 (59)
Some 2
Not many 3
Don't Know 8
No Answer 9

(If "NOT MANY"
GO TO Q.54)

52. Why do you think they are moving out? (do not read choices)

Can't afford home 00 (60-61)
 Change of family structure 01
 Change of Job 02
 They've retired 03
 Need for bigger home 04
 Better neighborhood 05
 Wanted to buy a home 06
 Schools 07
 Other 08 (please specify)

 Don't Know 09
 No Answer 99

53. Where do you think they are moving to? (do not read choices)

Other neighborhoods in Providence 1 (62)
 Suburbs of Providence 2
 Other area in Rhode Island 3
 Boston 4
 Other areas outside of state 5
 Outside of country 6
 Don't Know 8
 No Answer 9

III. Housing Mobility History and Rent Burden

54. How long have you lived in your current apartment?

Under 6 months 1 (63)
 6 months - 1 year 2
 1-2 years 3
 2-5 years 4
 5-10 years 5
 More than 10 years 6
 Don't Know 8
 No Answer 9

55. How much do you pay for rent per month? _____ (64-65)
 (don't know, 98; no answer, 99)

56. Does this include heat and electricity?

Both 1 (66) (Go to #58)
 Just heat 2
 Just electricity 3
 Neither 4
 Don't Know 8
 No Answer 9

57. How much would you say you pay for utilities per month? _____ (67)
 (don't know, 8; no answer, 9)

58. In the past year, has your rent been raised?

Yes	1	(68)
No	2	(Go to #60)
Don't Know	8	
No Answer	9	

59. By how much? _____ (69) (don't know, 8; no answer, 9)

60. Would you say that your monthly rent represents about one-quarter, one-third, one-half, or more than one-half of one month's household income?

One-quarter	1	(70)
One-third	2	
One-half	3	
More than one-half	4	
Don't Know	8	
No Answer	9	

61. Would you say that your monthly rent has changed, MORE FREQUENTLY, NOT AS FREQUENTLY, or ABOUT THE SAME compared to other neighborhoods in Providence?

More Frequently	1	(71)
Not as Frequently	2	
About the Same	3	
Don't Know	8	
No Answer	9	

62. Do you feel your current monthly rent is MORE THAN, LESS THAN, or ABOUT THE SAME, compared to other neighborhoods in Providence?

More than	1	(72)
Less than	2	
About the Same	3	
Don't Know	8	
No Answer	9	

63. Do you live in government assisted housing?

Yes	1	(73)
No	2	
Don't Know	8	
No Answer	9	

(If interviewee has lived in present home for less than 10 years, continue with #64. Otherwise, skip to #78).

64. Where did you live before your present apartment? (do not read choices)

Same neighborhood 1 (2-1)
 Other neighborhood of Providence 2
 Suburb of Providence 3
 Other area in Rhode Island 4
 Out of state 5
 Out of country 6
 Don't Know 8
 No Answer 9

65. How long did you live there? _____ (2-2) (no answer, 9)

66. Why did you move? (do not read choices)

Rent was too high 00 (2:3-4)
 Change of family structure 01
 Change of Job 02
 They've retired 03
 Wanted better housing 04
 Need for bigger home 05
 Wanted better neighborhood 06
 Needed a bigger home 07
 Wanted to buy a home 08
 Schools 09
 Other 10 (please specify)

 Don't Know 98
 No Answer 99

67. Did you rent or own that home?

Rent 1 (2-5)
 Own 2 (Go to #71)
 Don't Know 8
 No Answer 9

68. How much did you pay for rent per month? _____ (2:6-7)
 (don't know, 98; no answer, 99)

69. Did this include heat and electricity?

Both 1 (2-8)
 Just heat 2
 Just electricity 3
 Neither 4
 Don't Know 8
 No Answer 9

70. Was this government assisted housing?

Yes	1	(2-9)
No	2	
Don't Know	8	
No Answer	9	

(If you still have not established a ten-year housing history, continue with #71. Otherwise, skip to #78).

previous

71. Where did you live before your ~~apartment~~ apartment? (do not read choices)

1

Same neighborhood	0	(2-10)
Other neighborhood of Providence	1	
Suburb of Providence	2	
Other area in Rhode Island	3	
Out of state	4	
Out of country	5	
Don't Know	8	
No Answer	9	

72. How long did you live there? _____ (2-11) (no answer, 9)

73. Why did you move? (do not read choices)

Rent was too high	00	(2:12-13)
Change of family structure	01	
Change of Job	02	
They've retired	03	
Wanted better housing	04	
Need for bigger home	05	
Wanted better neighborhood	06	
Needed a bigger home	07	
Wanted to buy a home	08	
Other	09	(please specify)
Don't Know	98	
No Answer	99	

74. Did you rent or own that home?

Rent	1	(2-14)
Own	2	(Go to #78)
Don't Know	8	
No Answer	9	

75. How much did you pay for rent per month? _____ (2:15-16)
(don't know, 98; no answer, 99)

76. Did this include heat and electricity?

Both	1	(2-17)
Just heat	2	
Just electricity	3	
Neither	4	
Don't Know	8	
No Answer	9	

77. Was this government assisted housing?

Yes	1	(2-18)
No	2	
Don't Know	8	
No Answer	9	

IV. Perceptions of the Landlord

78. We also need to know something about your landlord. Is your landlord an individual or a company?

Individual or Family	1	(2-19)
Company	2	
Other	3	
Don't Know	8	
No Answer	9	

79. How is your rent collected? (do not read choices)

Collected by someone	1	(2-20)
Mail it	2	
Bring it to landlord's house	3	
Other	4	
Don't Know	8	
No Answer	9	

80. How long has your current landlord been your landlord?
 _____ (2-21) (don't know, 8; no answer, 9)

81. Does your landlord live in your building?

Yes	1	(2-22) (Go to #83)
No	2	
Don't Know	8	
No Answer	9	

82. Where does your landlord live or where is your landlord located?

In the neighborhood 1 (2-23)
 Another part of Providence 2
 Suburb of Providence 3
 Boston 4
 Other 5
 Don't Know 8
 No Answer 9

83. How often do you see your landlord?

Daily 1
 Once a week 2 (2-24)
 Twice a month 3
 Once a month 4
 A few times a year 5
 Never 6
 Don't Know 8
 No Answer 9

84. Does someone check on your apartment regularly?

Yes 1 (2-25)
 No 2
 Don't Know 8
 No Answer 9

85. Would you say that you and your landlord get along VERY WELL, WELL, or POORLY

Very well 1 (2-26)
 Well 2
 Poorly 3
 Don't Know 8
 No Answer 9

86. Does your landlord make needed repairs VERY QUICKLY, AFTER A FEW DAYS, AFTER SEVERAL WEEKS, or RARELY?

Very Quickly 1 (2-27)
 After a few days 2
 After several weeks 3
 Rarely 4
 Don't Know 8
 No Answer 9

87. Has your building been sold recently?

Yes 1 (2-28)
 No 2 (Go to #89)
 Don't Know 8
 No Answer 9

88. Were you informed?

Yes 1 (2-29)
 No 2
 Don't Know 8
 No Answer 9

V. Income Information

89. Finally, we are interested in learning about your yearly household income. Please tell me in which of the following categories your yearly household income falls?

\$0 - \$4,999 1 (2-30)
 \$5,000 - \$9,999 2
 \$10,000 - 14,999 3
 \$15,000 - 19,999 4
 \$20,000 - 24,999 5
 \$25,000 - \$49,999 6
 Above \$50,000 7
 Don't Know 8
 No Answer 9

90. (If not retired). Does your income come mainly from your job?

Yes 1 (2-31)
 No 2
 Don't Know 8
 No Answer 9

91. Do you collect unemployment?

Yes 1
 No 2 (2-32)
 Don't Know 8
 No Answer 9

92. Do you collect welfare or Aid to Families with Dependent Children?

Yes 1
 No 2 (2-33)
 Don't Know 8
 No Answer 9

93. Do you collect disability?

Yes 1
 No 2 (2-34)
 Don't Know 8
 No Answer 9

94. Do you collect Social Security?

Yes	1	
No	2	(2-35)
Don't Know	8	
No Answer	9	

95. Do you collect any other forms of government compensation?

Yes	1	
No	2	(2-36)
Don't Know	8	
No Answer	9	

96. Just for the purposes of our survey accuracy, how would you describe your race or ethnic background?

White	1	(2-37)	
Hispanic	2		
Black	3		
Asian	4		
Other	5	(please specify)	
<hr/>			
Don't Know	8		
No Answer	9		

97. Neighborhood Code _____ (2:38-39)

THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION.

MINUTES OF COMMITTEE'S PUBLIC SESSIONS

DECEMBER 3, 1987

FEBRUARY 11, 1988

FEBRUARY 25, 1988

MARCH 9, 1988

November 16, 1987

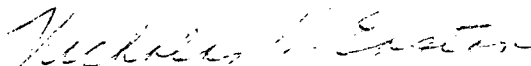
Dear Neighbor,

The Committee on Housing Policy for the City of Providence has been meeting for several months to study the problems of good quality affordable housing in the city in light of recent changes in the housing market. Your name has been suggested as someone who could offer some unique expertise and insights into the problem. You have probably already been contacted by someone on our staff about our interest in meeting with you.

The Committee has scheduled a meeting for Thursday evening, Dec. 2nd. at 5:30 P.M. in Room 310, City Hall, and we are asking yourself and others with similar interests to join us at this time for a round table discussion of these issues. We have enclosed a group of questions around which to formulate some discussion but please feel free to bring any of your own concerns to this meeting.

Thank you for your consideration and we look forward to meeting with you.

Sincerely,



NICHOLAS W. EASTON
Committee Chairman

NEW:r

QUESTIONS

1. WHAT DO YOU THINK IS THE GREATEST PROBLEM FACING TENANTS TODAY?
(EXAMPLE) RISING RENTS, SHORTAGE OF SUBSIDIES, LACK OF DECENT HOUSING ETC.
2. WHAT DO YOU THINK ARE THE POSSIBILITIES FOR LOW INCOME AND MODERATE INCOME PEOPLE TO PURCHASE HOUSES AND WHAT ARE THE GREATEST OBSTACLES?
3. WHAT INNOVATIVE PROGRAMS AVAILABLE LOCALLY OR IN OTHER COMMUNITIES OFFER THE GREATEST OPPORTUNITIES FOR ADDRESSING HOUSING PROBLEMS.
4. WHAT DO YOU THINK OF THE CONDITION OF PROVIDENCE NEIGHBORHOODS TODAY RELATIVE TO PREVIOUS YEARS.
5. WHAT LAWS OR REGULATION COULD THE CITY OR STATE MAKE TO BEST ADDRESS THE HOUSING PROBLEMS IN PROVIDENCE TODAY.

COMMITTEE ON HOUSING POLICY FOR THE CITY OF PROVIDENCE

Attendance

12-3-87

Arthur Hanson	Dept. of Planning and Development
Terry Milliken	Elderly
Stephen Daniels	Member
Joan Bagley	PRO_CAP
Dorothy Rinaldi	Catholic Inner City
Assada Tigray	Good News Housing
Raymond Neirinckx	RI Community Reinvestment Association
Dotti Black	Elmwood Community Center
Stephen Smith	Elmwood Resident
Anits Robertson	Elmwood Resident
Joseph Fowlkes	Providence Human Relations Commission
Jann Campbell	Coalition for Consumer Justice
B.J. Clanton	Urban League
Edward Marcello	West Elmwood Housing Corporation

THE "COMMITTEE ON HOUSING POLICY FOR THE CITY OF PROVIDENCE"

MINUTES: DECEMBER 3, 1987

This Committee this evening is meeting with the first set of people being interviewed;

Non-Profit Groups
Community people
Neighborhood Housing groups.

Attendance was taken and Chairman Easton asked that each invited guest introduce themselves.

DOTTIE RINALDI, of Catholic Inner Cities spoke about her perceptions of the housing problem. She stated the biggest problem is - "escalating rents" Cost vs. Income. A great percentage of people are on some type of Public Assistance and that amount of money does not correspond with rent charges i.e \$585.00 for a second floor apartment. She said that this is not an unusual situation. Regarding rent stabilization, she feels that we should try to get some type of rent control - possibility of looking at a "rent stabilization" program..

Nick Easton asked "does rent control make sense with regard to escalating rent - are the rents greater for that same space (rental unit) paying more rent for exactly the same thing but for a lot more money/with no improvement in the condition of housing?

Steve Daniels commented about monies in escrow/housing court is (are) these owners being prosecuted, are these properties being brought "up to code" and are the repairs being made. Are all avenues being pursued Re: Housing Court. He also cited as an example i.e./in the West End, a landlord asking (receiving) \$375.00 per month/per apartment (18 units) the house may have to be condemned/there will be nowhere to put these people once they have been displaced.

Steve Daniels asked "will rent stability take care of these problems?" Dottie Rinaldi responded "some".

Asada Tigrai introduced herself as the Director of Project Basic, a housing advocacy group - GOOD NEWS LAND TRUST.

She stated that there are multiple questions and multiple answers and that this Committee must look at the housing crisis in a realistic manner

- 1.) issue/preservation and promotion of housing
- 2.) production of affordable housing units.

- a.) Bank - financing
- b.) City and State financing
- c.) lost units of public housing
- d.) preserve existing units for a longer time. (long term)

She also asked that the City perserve vacant lots they should be land banked to non-profits to develop affordable housing units.

- availability of distribution was questioned(#500@)
- put prioritization on lots to be sold.
- how can the City and State allow (arrange) for these lots to be sold to welfare people

She asked Nick Easton about his perspective of the newly established housing court - because it has just been established-his view is narrow at this time.

She (Tigrai) is concerned about the new Code Enforcement Policy - they will not send Community groups a list (Court Calendar) so that they may track slum landlords. They would like to look at the Court Calendar to protect prospective tenants.

They (community groups) want to see the whole folder on an owner from Code Enforcement/as of now they can only see a code sheet - "is this in violation of the opening Records laws?"

She also asked about the relationship between the private market and investors/re: a speculation tax in Providence - could/should the proceeds go to non-profit housing funds/no restrictions of deeds for non-profits./City should have a right to come in and recapture.

She feels that the City of Providence is in favor of profitable developer(s) - ment with restrictions being placed on developers of affordable housing./ She feels the City has made no comment re: affordable housing and that our neighborhoods have been blocked from having tenants stay and live within them and that the City should start taking a more active role in providing housing "itself."

Nick Easton cited the problem - trying to get bank financing and housing for low/moderate income people in a position to afford a 2-3 tenement. Sometimes it takes @ least 6 months to clear a mortgage.

The Banks provisions are becoming ridiculous

1.) one of the real ways to address the issue is to get three deckers sold to low income families with two to three people buying one house and renting.

He is finding resistance from banks to write these types of mortgages.

TERRY MILLIKEN suggested a "rent to own plan" in 10-15 years of residing there/rents going towards ownership.

The Metropolitan Loan Program (Old Stone Bank) and Old Stone's Venture Live Program were discussed. These processes, it was felt were too lengthy and appealing the rejection process was too negative. The problem appears is what people have to go through if your going to see (seller) to a person who is marginally bank able. The realtor in this case will choose (because) of the 6 month waiting time and banks) a developer as the buyer and the advantage will be given to the developer.

Mr. Ray Nerincx introduced himself - R.I. Re-Investment Association.

He stated that the underwriting criteria for mortgage is severely hindering low/moderate income people seeking housing/mortgages. He also stated because of private mortgage insurance, 3 mos. PMI and closing costs with the exception of RIHMFC - no downpayment assistance is given - there are too many conditions on low to moderate income people.

RIHMFC needs to design to hold mortgages in their own portfolios. He also noted that this problem is nationwide. He mentioned the role for State CRA law/banks open new branches/community people can intervene. State CRA law passed - give notice to the neighborhood.

It was mentioned that branch banks are pulling out of neighborhoods i.e. Chad Brown complex and surrounding neighbors are suffering because of no bank nearby (community bank)

Elmwood has also lost two banks. Ray also said that the Fleet ATM in Washington Park is the highest used in the State.

He proposed:

- 1.) City create a pool of money to underwriters/downpayments (doesn't include qualifying formula
- 2.) Secondary market - relaxation of qualifying criteria.

speaking about reorganizing loans - State banks may say - certain areas are hardships/can have condition or responsibility.

"Accountability to the neighborhoods they represent"
Ray Nerinčx RI Housing partnership can create it's
own pool of money/must look at alternate pool and
alternatives in financing.

Not just low/moderate
but accross the board to maintain stability./
look at creative financing.

B.J. CLANTON - Urban League, there could be some
money available - didn't have to go to the secondary
underwriters - there is enough money in the State.

Mr. Edward J. Marcello, Executive Director, West
End Housing and Development Corporation.

require - equity from the individual sometimes
money has been available for a six month period(s)
requirements have been somewhat relaxed by RIHMFC
but have NOT been relaxed by banks, i.e. down-
payments.

He suggested a program be devised whereby the state
is watched/where there money is to be deposited.
The City itself in this regard/escrow taxation
money - this money could be watched with guidelines
as to what they are doing for their community.

Another note: Banks will not accept money i.e.
downpayments - only if the money comes from the
applicant (mortgage)

Anita Robertson - Elmwood Neighborhood Housing
Services Board. She indicated to the Committee
that SWAP (Stop Wasting Abandoned Property) has
realized success with "sweat equity" as a down-
payment.

Jan Campbell - CCJ (Coalition for Consumer Justice),
Executive Director. She is concerned/interested
in housing statewide. Slum landlords are commanding
the market/rents/Boston people. She suggested
we/City should look at it's commitment to public
housing i.e. tenant Co-op's, sell off to non-profit
organizations.

It was also noted that higher income people have
a way around banking requirements and the lower
income people have no way out./no competition for
low income people. It is not politically palitable.

Assada Tigrai Re: fair housing in the City and
the State.

Over building of senior housing (high-rises)/
because of discrimination and racism - anti - family
attitude has blocked out the development of
affordable family housing in this State.

i.e. Silver Lake development - City/State blocked
development - Hillside Village
Real need is rental units - needs a subsidy
entitlement program in the State.

Art Hanson, Director of Neighborhood Programs -
City of Providence. He discussed programs other
than public housing.

1.) rental re-hab programs currently 400 apart-
ments, low/moderate income people
The city is improving - approved up to \$5,000 -
per apartment for tenants to improve their buildings/
tends to go towards investor owned properties.

2.) Rhode Island Housing 3% Loan Program \$1.2
million of these dollars was committed within
(3) three weeks
Program/up to \$10,000 - per unit for
basic repairs - in an effort to preserve
existing housing stock (units)

He was asked "is the City doing enough - no - there
is not enough money to do it.

- 1.) Public Housing
- 2.) Affordable Rentals
- 3.) Affordable home ownership opportunities (this
area Planning & Development can do the least)

Mr. Hanson also noted that Stephen O'Rourke/PHA
will have at least #600 units to become available.

Nick Easton again mentioned criteria - based on
a secondary market. The City has not been in a
position to apply pressure.

Art Hanson mentioned the "New Jersey Plan" re:
Lease/Ownership R.I. Housing cannot sell bonds
*for this issue *can this be addressed by the (our)
State Legislature?

TERRY MILLIKEN landlords are not fixing their
properties - no one spoke of unfair deceptive
practices by investors.

NICK EASTON Note: a number of community leaders
have opposed rent control - it will provide a
disincentive for landlords to fix up properties.

Ray Nerinx - John Hope Settlement

Re:

- 1.) Freeze (rent)
- 2.) Market rate adjustment
- 3.) Moderate rent control

- three types of rent control - you cannot do politically.

He noted - no incentive by owners to put rent money back into properties.

Dottie Rinaldi - named to Committee

Meeting Adjourned

COMMITTEE ON HOUSING POLICY
FOR THE CITY OF PROVIDENCE

The following is a general summary of the considerations and discussions and where appropriate, of recommendations made at the meeting of the "Committee on Housing Policy for the City of Providence" which may serve as general minutes of said meetings.

I. Meeting of February 11, 1988, 5:30 p.m., Alderman's Chambers.

Committee Members in Attendance:

Terry Milliken
Steve Casadant (for Dotti Rinaldi)
Gilda Jeffrey
Nicholas W. Easton (Chair)
Prof. Michael Rich
Stephen Daniels

ABSENT:

Dotti Black
Joseph Fowlkes
Joan Bagley
Sister Angela

INVITED GOVERNMENT SECTOR GUESTS

Al Pointe	State Dept. of Community Affairs
Malcolm Reis	Dir., Code Enforcement Division (City)
Stephen O'Rourke	Executive Dir. Providence Housing Authority

OBSERVERS:

Arthur Hanson	Neighborhood Division, Dept. of Planning and Development
Edward J. Marcello	Executive Director, West Elmwood Housing and Development Corporation

February 11, 1988

Richard Buteran

CCJ (Coalition for Consumer
Justice)

Ruth Church

Providence Board of Realtors

Chairman Nicholas W. Easton opened the meeting by asking Committee members and invited guests to introduce themselves. He then gave a brief outline of some general topics discussed at previous meetings and this Committee's intent. He further stated that this evening individuals from the government sector have been invited to aid this Committee in it's deliberations and discussion.

Chairman Easton noted that in preparation of a comprehensive Housing Policy, included in discussion should be the consideration of certain questions which need to be answered. With that, he posed the question:

- " In regard to problems brought about by
the increase of rental property values as it
impacts on low income individuals"
- is it providing "good housing"
- are neighborhoods enjoying "better housing"

The two stages of this Committee were mentioned by Mr. Easton as being :

1. a comprehensive report issued by Brown University for this Committee entitled "Housing Affordability and Neighborhood Transition in the City of Providence" and discussion of it's findings.
2. present legislation to City and State legislatures relative to Providence.

He also stated that the purpose of some of this Committee's lengthy discussion centers around the need to elicit opinions from individuals aware of the housing needs from "general areas of the City"

Housing Committee

Critical to this study is the answer of the dycodomy between neighborhoods impact because of rising property values - to get better investments in their houses/increasing difficulty because of rising rents to allow for affordable housing.

This has become an increasingly difficult issue, i.e. Elmwood. The question arose as to the issue of whether or not we can effectively distribute "economic groups" throughout the City so as not to affect a "Housing Project Syndrome" / Major issue.

Malcolm Reis was asked by Chairman Easton to comment on the question "are we improving the overall housing stock in the City as property values increase or is it that we may be aggravating the housing situation and is it proposing to provide for more decent units?".

Mr. Reis responded by stating " it is a combination because of renovation and improved structural conditions, the housing stock is improving, but it is also eliminating i.e. when a (9) nine unit structure is purchased the rental income anticipated was for nine units, becuase it is found to be (by the City) a legal (5) five unit, the anticipated income on those four units is lost". He further explained that housing cost coupled with the current interest rates, buyers are more investment orientated - they are not dealing with the same type of property owners as in the past.

Page IV

Mr. Easton posed the question "is the press to fix up, putting new units on the list (becoming available living units) or is it making them livable and more expensive - lessening available units?".

He also asked is there a provision (Ordinance) which states " a property can only be vacant for 180 days?". Mr. Reis explained there is a "180 day Ordinance" - no property can be abandoned - deemed inactive - a hazard to the community.

Mr. Easton asked, when we got the luxury of the Housing Court and Mr. Reis's appointment are we close to a point where we are deleting units because units are being found and increase available living units?

It was noted that property (available) is being sold now to investors as compared to being sold to family members passing it along.

Mr. Easton asked " how many vacant buildings are there in the City" - this question will be referred to Mr. John Pagliaro, Building Inspection-Department of Inspection and Standards.

Mr. Al Pointe was asked to comment on his view relative to Providence's housing needs. He stated that over the last decade, Providence has lost 1200 units of Public Housing (projects) most of these tenants were then located into other areas in which they were accepted.

He also noted that by National Urban League criteria, for indexing overt segregation - don't have to be segregating knowingly it is happening to minorities regardless. He mentioned the 1960-70 Census data re: statistical material - where people are limited (areas) blacks and minorities. - 1980 population data re: shifts over a 30 year span, those 1200 units lost in Public Housing caused a "dramatic" effect. It had a preferential effect - effected tenants (families) had to be absorbed into private housing. Between 1965-1970, 60% of the black population in Providence had made a move within the city which produced a radical situation - to pick up and move/ relocating. These units have not been replaced- Section 8 Certificates have covered some - continuing to eat up the existing stock - has yet to be addressed.

Nick Easton asked - how much of that stock (housing) was abandoned - virtually unavailable? It was a practice years ago to tear down - it is the feeling now that fewer houses are being abandoned - the option of demolition has been totally rejected in favor of re-habilitation.

Stephen O'Rourke - people are now trying to buy and renovate - gentrifying & improving neighborhoods - new construction rather than abandonment. Re: Section 8 existing distribution, @ 1200/ Providence Housing Authority has in every census tract in the city (Providence) - certainly, the concentration might be in an area(s) where three and four tenements are prevalent. He noted that it is important to note that the City of Providence cannot absorb lower income housing in the state - and because lower income people tend to migrate to a "magnet" inner city because more often than not, that's where social agency services are provided. Along these lines, when a concentration is made - cities (that) services are demanded and drained.

Gilda Jeffrey - stated that the above "accurately describes" the West Broadway neighborhood. She deals more often with the older population who have paid off their mortgages and do not rent because *i.e. they don't need the added income, *they can't control the tenants, or they don't know who they are renting to, or they just feel too old to manage the extra units. She feels and hears from the people in her area that indeed rents are up - but also cost of taxes, city services and alike are also increasing and that the city must take some responsibility for relief. If these individuals put their rental units on the market, they must rely on "fair housing laws" - in their time most was homogeneous. Also the issue of whether these same people also feel they would (only) like to rent to people from their own ethnic, social or economic background was apparent. It was also raised that ethnic values may also play an obvious part in their deliberations and decisions.

Al Pointe/stated both economic and prejudice views are apparent. Through statistical study he has found/overriding reason was an economic one regardless of color/owners will only take tenant on if the economics are right. - and this is prevalent throughout Providence.

Mr. Easton asked "should one of the policies to support - to do that kind of tenant referral and housing referral on a neighborhood basis?" "so that the prospective tenant be from the area and the owner would accept willingly upon referral"? .."will it relieve the burden.

Nick Easton brought up the question "are there a lot of owner/occupied with available units not willing to rent"?

Ed Marcello/response - he is currently supporting and planning an effort to create a "data" base/housing tracts in the West End. He feels the above question leaves the West End "the exception to the rule". His agency plans to do a lot of housing referrals once this data base is established.

Nick Easton asked - has Gilda Jeffrey done that sort of referral and if so has it been effective in West Broadway? Her response was that at present if she develops a "trust" with owners and those being referred by her are familiar to (her/or family members) the owner seems less reluctant to accept tenants. Mr. Easton also asked Mr. Art Hanson who deals in General Housing (NHS) areas this idea may be a resource to bring onto the market. Art responded that ENHS does use that concept, but on a limited basis i.e. elderly.

He cited a recent state sponsored conference where these feelings were discussed and it was felt that each city should share the burden and not exclude low income housing.

Mr. O'Rourke further stated that by the loss of the 1200 units, over 700 individuals were displaced at the RWHP (Roger Williams Housing Project). Current requests for proposals on this 30 acre site/would give preference to low/mixed income homes.

At present, Chad Brown Housing Project is experiencing 18 million dollars in renovation projects to provide a full 360 newly renovated units/Chad Brown/Admiral Terrace.

Terry Milliken, mentioned that she resided at Chad Brown for approximately 17 years and noted that the population has changed.

Steve O'Rourke agreed and noted that plans are to reduce density, as in the case of the Hartford Park projects which will experience going from 748 units to approximately 300.

Any demolition has to be replaced (through recent Legislation) unit by unit. It was asked if there is a certain population that would prefer Public Housing - the sentiment was that indeed there is. The comfort and stability of Public Housing - particularly with gentrification.

Edward Marcello mentioned that it was back in 1965 that social programs, fair housing laws and affirmative action came into effect, and also at that time, Providence had a decrease in population - creating an overabundance of housing. He noted that unlike other areas of the city the West End has experienced a dramatic effect (change). It was mentioned that there are approximately 68,000 housing "units" in the City (Providence) - 2,630 units of proposed? housing at 76% occupancy.

Mr. Easton stated there are (2) two major strategies to ease the "crunch"

1.) essentially, it is a question of providing better subsidies
i.e. Section 8's

2.) build additional housing units - if so? - build as subsidies

"? are there units out there and are they overpriced or do we need
to build additional units?"

Malcolm Reis/ Some new owners have paid off loans (mortgages) and
there obligation is no longer there - in terms of pre-payments. He
suggests for prospective owners/if there is a 20 year mortgage - it
should be paid over a 20 year period.

Stephen O'Rourke noted that currently the PHA has #526 people on it's
Section 8 waiting list - last year alone @99 new applied 770 Section
8 list. The Providence Housing Authority recently purged their list.

Mr. Easton asked Mr. O'Rourke "how fast does the Section 8 list turn
over - how many new applicants get certificates?"

Mr. O'Rourke replied - The Department of Housing & Development
has issued 120 units for re-location at Roger Williams Housing Project.

Chad Brown given Section 8 for relocation certificates

- Normal turnover in the course of the year ***Ask Steve (PHA) for
figures.

Al Pointe/Providence is not fulfilling the need for new units. In
a five year period 1970-1975, 14 projects (all different sizes) -
Federally subsidized housing constructed in the City of Providence.
- 1980-1984 - 21 projects constructed before Federal subsidies were
being out/since before 1984 hadn't been any
building of units/then radical cutback

/before-vast majority was elderly housing.

Nicholas Easton - issue of the situation where a previous owner of
a multi-family lived on the 1st floor and rented the 2nd and 3rd to
a relative - has that phenomonum changed? Is there a drastic change
in owner occupied housing and it provides a great deal of fairly low
rental property/rental was not summarily for profit sake. - people
could afford and be willing to keep - the property well maintained.

Nick Easton asked if it would be a worthwhile idea to have organizations such as Neighborhood Housing Services, West Broadway and West End Development Corporation actively managing units for the elderly people i.e. referral service/housing/handle rent problems etc.

*Stephen Daniels noted that State legislation allows an owner to either accept or refuse a prospective tenant for (reason)

Al Pointe stated that there is a "real" shortage of single units.... giving the owner more income through rentals one thing to be concerned about is overcrowding - would want to have some zoning requirements ...restrict to R-2, R-3 zones - do not allow R-4 zones. (variances)

Ed Marcello/at the heart of the matter -- until RIHMFC finds another way to sell Bonds in a secondary market.

There is a Bill re: a community partnership before Congress... as long as you build affordable housing.

there is also legislation sponsored by Cong. Joseph Kennedy and Mayor Flynn - Mass.

Nick Easton noted a 2nd idea re: a method to increase housing $2\frac{1}{2}$ units.
- legal 2 units built in areas built with essentially a full 3rd unit (floor) is being (now) cited as illegal. Suggest - amendment to Zoning Ordinance to provide for a 3rd floor that could be used as a "3rd" unit (housing).

Nick Easton - why is it that we have not gotten more relatively low income people to buy property.

- 1.) Credit
- 2.) Equity/market limits
- 3.) Qualifying

referred to as a "Catch 22"

- could make significant progress in that area

Stephen O'Rourke stated that the City of Providence should adopt "their own fair share before you are forced to do so. Other communities can now opt not to accept low income housing. Presently there is no RIHMFC subsidized housing in East Greenwich or Barrington as examples -in turn those people work in Providence and take back wages into township.

Nick Easton - critical to policy - we develop provision of low-income people to have ownership./may incorporate in our recommendations

- 1.) City working with RIHMFC - develop strategies to provide subsidies for owner occupants to purchase multi-family with the provision that those units will be made available with rents on a lower level to allow for Section 8 money market value.

- provide significant increase in "owner occupied" in our city's neighborhood providing lineable units with no increase to the tax payer. the rate of interest on the mortgage that RIHMFC - would match with the City of Providence. a loan guarantee from a bank - may include low income property.

Stephen O'Rourke posed the question "how much housing should Providence absorb?"

- Low to moderate income/draws the services of an inner city - only property tax to feed on -
- the State must come up with it's share for a formula.

Art Hanson agreed saying that we in Providence should not be solving the low/income housing problems alone - Providence whould be solving it's own fair share.

Nick Easton asked - if we came up with a plan that would bring an extra 1,000 units - would it be a mistake?

- fair share planning
- Providence should lobby very strongly i.e community funds, other Federal Funds

State - tri-state funding to it -

- RIHMFC allocation

Nick Easton ? how are they (?) calculating the vacancy rate? With 350 abandoned buildings in the city.

He also suggested - if the City Council could hire a staff person, full time - to assist with housing issues - would it be feasible?

The next scheduled meeting of this committee, Thursday evening, February 18th, will be cancelled due to the Chairman's schedule

(vacation.) Notices will be sent re: a next meeting date and time.

The meeting adjourned at 7:15 p.m.

COMMITTEE ON HOUSING POLICY FOR THE CITY OF PROVIDENCE

Meeting of February 25, 1988

In attendance at this meeting was Mr. Thomas Mulhern, Executive Vice-President of the Rhode Island Association of Realtors, Inc.

It was noted by Chairman Easton that the purpose of this meeting is to speak with the Realty sector. Members of the various Real Estate Associations were invited to this meeting, but unfortunately, due to inclement weather some were not able to attend.

Before Mr. Mulhern was introduced, this Committee's position on an anti-speculation tax was discussed and it was agreed that this Committee's position must make their position known prior to any action.

It was also noted that the deadline for this Committee's deliberations would be @ mid March.

Dotti Rinaldi commented that in reviewing the Brown study, she feels that a large part of the study did not include or represent a large portion of the population she noted "the report may be understated because of the inability to communicate with those groups."

Councilman Easton stated that we will address that issue.

Mr. Thomas Mulhern was introduced by Councilman Easton to the Committee and Mr. Easton noted that some real estate issues will be discussed here tonight i.e. issues regarding home purchases, real estate values, etc.

Mr. Mulhern stated that speculators in 1986 and 1987 now have their property back on the market because they can not realize rents.

2-25-88

He thinks speculation is a dead issue. He is opposed to an anti-speculation tax as a remedy

Art Hanson/vacant lot program-
problem of affordability, construction i.e. -
availability of \$50,000, manufactured house on a
vacant lot - building on existing lot - has 8-9
identifiable models as to how to do (construct)
it - problems with underwriting mortgages.

Suggestion - available buildings for college dormitories
- viability of downtown core, create this by having
people live in the city.

Art Hanson noted that in a few years we should start seeing
major changes in our downtown. It was agreed that these efforts
must be expanded.

It was noted that other communities should assume their responsibility
for low to moderate income families - 1986 tax law took away
incentives for construction of low to moderate housing.

It was also noted that approximately nineteen communities do
not include multi-family housing. They are considered to be
"closed communities". They rely on 2-3 acre zoning regulations.

It was agreed that this city should make a statement to the
State of Rhode Island (re: accepting burden) that the State
should make provisions for regulations.

It was also discussed that as a requirement for each city and
towns HAP plan for state aid - that a rural community not accepting
low to moderate income housing should be penalized by a cut
off of HUD funds that they do not need and are not using.
- should be tied to the creation of a Housing Assistance Plan
wo house at least it's own poor people - this would at the
very least a step in the right direction.

Nick Easton asked for questions of Mr. Mulhern. Mr. Easton stated that he has been an opponent of a speculation tax for many years. He noted taht a modest tax of 10-15% the Mayor's Council endorsed with reservations (if certain amount of improvements are made, speculation tax would be relieved. i.e. Rep. Nicholas Tsongas' plan was harsher - did not include plans for relief.

Tom Mulhern - three elements - variables in a speculation tax:

- 1.) very strong provision on re-investment in the property exempts
- 2.) period of time you consider speculation
- 3.) amount of the penalty i.e. higher rather than lower (so it doesn't add to the spiral)

Review of bank regulations - some are restrictive and particularly freezing out poor people.

Federal guideline changed the amount (income went down - the way they calculted income has changed)

Banks have to open up affordability - some people can quality to pay 75% of their earnings to rent but can not afford to pay 25% for a mortgage. We must consider how to structure how much of income can go to housing.

Mr. Easton asked, would the Board of Realtors support that kind of policy.

It was also noted that these percentages do not relate to income and todays housing costs.

Mr. Mulhern suggests that we leave RIHMFC money for housing programs. Should be on a loan basis for housing - re-cyclable Don't recommend RIHMFC to be used for non-loan home programs.

It was noted that lenders are tied into secondary mortgage markets - community reinvestment Act getting the banks to commit their programs to low income - committments were made - none can be spent because of guidelines.

Page IV

2-25-88

Mr. Easton suggested that the above guidelines should be looked at.

Mr. Mulhern agreed that he will speak with other realtors and let them know of this Committee's thoughts.

Amertize land (fund second mortgage) *take some open spaces money - density problem - need open spaces.

Art Hanson asks about multi-ownership housing.

Jim Adams asks about what Realtors are doing to locate owners of abandoned houses.

Mulhern promises his co-operation.



RHODE ISLAND ASSOCIATION OF REALTORS®, INC.

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March 9, 1988

Honorable Nicholas Easton, Chairman
Commission on Housing Policy for the
City of Providence
Room 310, City Hall
Providence, R.I. 02903

Dear Mr. Easton:

The Rhode Island Association of REALTORS® appreciates the opportunity to work with the Commission in addressing the housing needs of the city.

The Association has reviewed its speculator tax position and still remains confident that the speculator tax is not the proper housing policy that Providence needs.

Providence's recent population growth confirms that housing demand is outstripping available supply; therefore, we recommend policies that increase housing supply. A speculator tax is an anti-housing supply policy. It will reduce rehabilitation and serve as a deterrent to developers. It carries the message that the city politically interferes in the housing industry and leaves open whether rent control is your next housing objective.

In reviewing our earlier solutions, the Association recommends that development of vacant lots and vacant housing units can be accelerated by the City adopting an assessment policy that assesses properties, vacant lots or vacant housing units, at their development level. This policy should only apply to designated Housing Demonstration districts. Development of vacant lots and rehabilitation of existing housing units would be a preferred option of current owners as the increased property tax would not encourage keeping the property out of development.

Sincerely,

RHODE ISLAND ASSOCIATION OF REALTORS®, INC.

Thomas E. Mulhearn
Executive Vice President



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February 25, 1988

PROVIDENCE HOUSING AFFORDABILITY

Housing affordability is a primary problem for the city of Providence. In 1987, the REALTORS® Association issued a report on Housing Affordability, which is attached.

Providence's major housing problem is the lack of affordable rental units. When you have a shortage of any commodity, the result is a price increase. In 1986, the average price of multi-family units increased some 40%. This continued during early '87, but price increases subsided during the later parts of the year.

I took the liberty to research State-Wide Multiple Listing Service figures for 2 or 3 family homes sold at mid-August '87 and mid-February '88 in the state. These figures show the average sale price of a unit sold during the last 180 days, both of these figures include over 200 units in 2 and 3 family units. Unfortunately, we do not have separate figures for Providence.

	Mid-August	Mid-February	Annual Increases
2-Family	\$110,585	\$123,058	22%
3-Family	\$114,769	\$124,437	16%

The annual increases are still high when compared to national figures, but the trend is down. One thing is clear, housing speculation is not the problem it was during 1986 and early 1987.

Speculation should not re-occur because investment housing is now priced based upon the rental incomes that will support the housing.

To ensure that speculation never occurs, Providence must begin to re-build its housing stock, which has been declining for the last 40 years or more.

This will demand creative solutions.



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These should include:

1. Immediate development of existing vacant lots for single family duplex units. There lots should not be sold to abutting for garage or additional lawn area.
2. Sale of vacant city buildings to developers (non-profit and profit) for low and moderate income rental units. Sale price should encourage or require affordable rentals.
3. Sale of vacant city lots to developers(non-profit and profit) for low and moderate income housing. Covenants in deed could establish requirements to ensure affordable housing is built.
4. Incentives to downtown property owners to convert present empty upper floors to residential use. This may require an ordinance establishing an "Affordable Housing" Residential Demonstration District, copy enclosed.
5. The Hartford Housing Project should be sold or given to a developer with the stipulation that affordable rental units for senior citizens be provided.
6. The Mayor's proposal for construction of college dormitories in the downtown area should be adopted.
7. Innovative zoning such as zero-lot line approach could take advantage of the small lots that exist in Providence.
8. Non-profit housing corporations should be encouraged by the city to develop innovative housing initiatives, such as the purchase of individual units, where the land is owned by the non-profits.
9. Providence and the other central cities should take the position that housing for the poor, the elderly, and other disadvantaged special populations should be the responsibility of each and every community. Providence, especially, should not have to bear the burden for most of the low and moderate income housing that is needed. Our suburban and rural communities must be required to provide housing opportunities for all their citizens.



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April 13, 1987

HOUSING AND ITS AFFORDABILITY

The crisis of housing affordability in Rhode Island is real and growing. It is most appropriate this week, American Home Week, to reflect upon the status of housing in Rhode Island. The right of home ownership is the foundation of the american dream; that dream is being threatened. The Rhode Island Association of REALTORS believes that more than reflection is needed and we hereby provide an analysis of housing affordability and recommendations to once again revive the american dream of affordable homeownership.

Housing has been recognized by Governor DiPrete as his No. 2 priority. The Governor's housing proposal to provide an estimated 1750 houses and apartments is to be commended. This proposal if implemented within the year could provide needed, but temporary assistance to help address Rhode Island's housing affordability problem. However, the Governor, the General Assembly and the elected leaders of our cities and towns must begin to deal with the underlying causes of the housing problem.

The Realtors Association recognizes the following causes of the state's housing problem:

1. The deliberate actions of many Rhode Island cities and towns not to allow affordable housing, whether single-family or multi-family, to be built in their communities, is the primary cause of the state's housing problem. Communities have established as policy the rezoning of residential areas to either two or five acre lot sizes, thereby effectively precluding affordable housing. Communities have intentionally deleted multi-family housing in their comprehensive plans and zoning ordinances. These same communities then block multi-family housing construction by first requiring a zoning variance, which in most cases is then denied. Most suburban and rural Rhode Island communities have effectively said no low or moderate income family housing is wanted, nor in many cases is it allowed.

2. An influx of out-of-state buyers has led to increased rental charges in our central cities. This status is a concern and should be addressed by the development of low and moderate income rental housing in our cities. The consideration of rent control is not a solution and will only lead to increased deterioration of the supply of housing. The long-term result will be less housing.

3. The Federal government during the last six years has effectively terminated its role as the major provider of subsidized housing. In fact, budget authority for the Department of Housing and Urban Development, which accounted for 7.4% of the total federal budget in 1978, is proposed to be less than 1% in fiscal 1988.

4. The Tax Reform Act of 1986 removed major tax incentives for private development of rental housing. Housing experts claim that the tax act changes will increase rental charges from 10-20% and result in the reduction of privately financed rental housing development.

Housing is best viewed from the economic principles of supply and demand. Housing supply has been reduced by local community decisions not to provide land for affordable housing, the federal government's terminating its housing development programs, and the federal tax act making privately financed housing unattractive to developers.

The economic principle of demand has been fueled by low interest rates, a strong economy and Rhode Island's low-priced housing, as compared with Boston and the northeastern states.

Operation of the economic principles of a restricted supply and an increased demand has led to increased single-family home prices of 31% in one year, increased multi-family housing prices of 40% in one year, and average rents increasing from \$220 in 1980 to an estimate of \$350-\$400 in 1986. Employers are finding the increased home prices as a serious impediment in the relocation of executives into Rhode Island. Higher mortgage payments and rents have placed increasing pressure on Rhode Island's historically low wage base. In fact, Rhode Island's low housing costs have been a defacto subsidy for Rhode Island employers over the years. This is no longer the case.

Faced with an increased demand for housing, the economic solution is to develop opportunities and incentives for increasing housing supply. Increased supply will effectively dampen demand, result in lower average rents and stabilize home prices.

To achieve an increased housing supply, Rhode Island must adopt a housing and development policy which emphasizes the role of communities in providing housing opportunities. This policy should include the following:

1. Rhode Island must adopt a modern zoning act. Modern land use planning can mean more open space and housing developments that are less land intensive.

2. The new zoning act must establish a mechanism that mandates local communities to zone land for multi-family housing and intensive single-family development that moderate income families can afford.

3. Rhode Island's support for local education funding must provide an incentive to those communities which construct low and moderate income multi-family and single-family housing.

4. Community groups must influence their communities which are reluctant to provide necessary housing for its low and moderate income families.

5. The burden of open space preservation should be placed on all who benefit. This is neither unfair nor discriminatory, as all taxpayers benefit from open space. General obligation bond issues are a preferred funding mechanism. Bonds issued for open space preservation should reserve 50% for purchase of land for affordable housing for low and moderate income families. Proposals to fund preservation from a separate tax on real estate transactions burden the few for the benefit of all.

6. Open space preservation purchases by a community must be consistent with that community's comprehensive plan. Every community should have a comprehensive plan in place that has been approved in the last 5 years.

7. Preservation of open space and farm land should be tied into a transfer of development rights program so that a community maintains future housing opportunities.

8. Housing should be geared to those urban areas which have the infrastructure to support an increased population. State tax policies should support these communities. Housing codes should be reviewed to allow housing in downtown buildings in our cities.

9. Urban homesteading should be supported on the state and local government level.

10. Surplus vacant state and local land in urban areas should be made available for low and moderate income housing for private development.

11. Development approval systems must be streamlined to ensure that growth is not unreasonably restricted and to reduce housing development costs. The use of a building moratorium and planned delays in the local approval process operate to restrict development and increase housing costs. The use of a moratorium is only appropriate as a planning device when a local community has a critical health or safety issue threatening the community.

Now is the time to solve the problems of development and housing affordability. The solution is the proper allocation of our limited land resources. The first step towards the solution is the agreement at the state level of a viable housing and development policy that can then be the focus for General Assembly action.

Rhode Island Association of REALTORS, Inc.

Gloria A. Slavens
President

Thomas E. Mulhearn
Executive Vice-President

DRAFT MODEL ORDINANCE AUTHORIZING A HOUSING DEMONSTRATION

An Ordinance Amending _____ Of the Code of the City Of _____
For the Creation Of An "Affordable Housing" Residential Demonstration District

Whereas, There exists a national and local crisis in the affordability of housing, and

Whereas, Only 15 percent of potential homeowners can now afford a new home, and

Whereas, Homeownership provides benefits to the individual, the community, the state, and the nation, and

Whereas, There is evidence that some local, state, and national regulations may unduly impact the cost of housing,

Now, Therefore, be it ordained by the City Council of the City of _____, that

Section 1. Creation of District

There is hereby established an "Affordable Housing" Residential Demonstration District, the boundaries of which will be as follows: (A detailed written description of boundaries would be inserted here). The District is established for the sole purpose of participation in the "Affordable Housing" Demonstration Program.

Section 2. Suspension of Local Statutes

During the effective period of this ordinance, all provision of the (zoning ordinance), (building code), (subdivision ordinance), (other applicable local codes) shall be suspended for all use, site development, and construction located within the boundaries of the Demonstration District.

Section 3. Affordable Housing Demonstration Permit

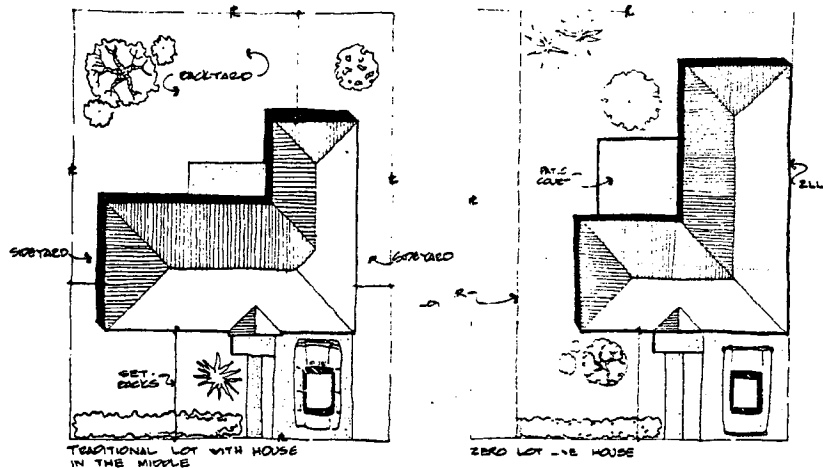
- (a) Prior to any site preparation, site development, or construction, the owner, authorized agent, or contractor shall obtain one consolidated "Affordable Housing" demonstration permit.
- (b) The permit shall be issued by the Department of _____ upon a review of proposed site plans, building plans, drawings, specifications and other materials deemed appropriate and necessary and may impose reasonable conditions and requirements upon permit holder.
- (c) The application for the demonstration permit shall be evaluated pursuant to generally accepted engineering and design criteria with the objective of achieving safe, affordable and attractive housing. To the extent feasible, the Department of _____ shall seek to satisfy those goals and requirements of the suspended zoning ordinance, building code, subdivision ordinance (other ordinance) which are consistent with the goal of the Demonstration Program.
- (d) From time to time the Department of _____ may make or cause to be made inspections necessary to assure conformity with any requirements and conditions of the demonstration permit.

Zero Lot Line

The zero lot line (ZLL) approach is a good way to take advantage of the limited space available on small lots. Unlike conventional zoning provisions that require that the house be "set back" from every lot line, this approach allows the house to be placed on one side lot line and sometimes also on the rear and front lot line. Shifting the house to the edge of the lot on one side puts all the side-yard space where it can make a difference - especially on a small lot. And it permits the lot width to be reduced—a 40-foot frontage and in some cases even less will work well where ZLL houses are permitted. These narrower lots mean lower costs for sidewalks, curbs and gutters, and street pavement.

Communities all over the country are finding ZLL houses can be an attractive alternative to conventional development. Dade County, Florida, is one community that has had great success with ZLL houses. While encouraging their use, the county's planning department also pays careful attention to their design. For example, Dade County requires builders to design their ZLL houses so that they physically and visually open out into the yard area.

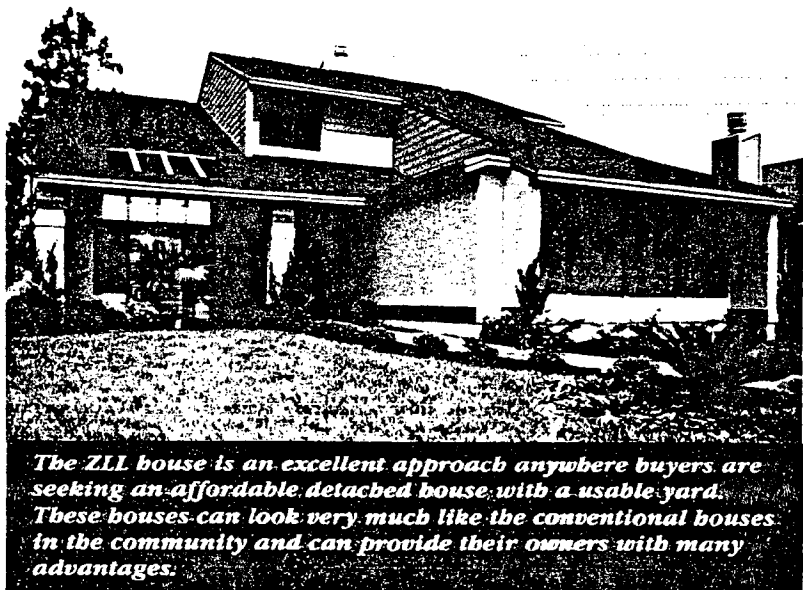
Other communities have also found that a few design-conscious requirements can result in more than a few benefits and safeguards. Most ZLL ordinances, for instance, require that the side of the house sitting on the lot line should not have windows—to ensure privacy. The conventional house on a standard lot often has less privacy. Some communities require an easement for maintenance of the side wall or stipulate that the side of the house overlooking a neighbor's yard keep its original color and/or material unless the adjoining homeowner agrees to a change.



Ed Castañeira

Conventional zoning provisions require that the home must be "set back" from every lot line, allowing for a yard on each side of the house.

The zero lot line approach shifts the house to the edge of the lot on one side, putting all the side-yard space where it can make a difference—especially on a small lot.



The ZLL house is an excellent approach anywhere buyers are seeking an affordable, detached house with a usable yard. These houses can look very much like the conventional houses in the community and can provide their owners with many advantages.

The Evans Group, Orlando, Fla.

COMMITTEE ON HOUSING POLICY

Attendance

Meeting March 9, 1988.

March 9, 1988

BANKING SECTOR

RIHMFC

Mr. Nicholas Retsinis
Executive Director

CITIZENS BANK

Mr. Daniel Dewey
Senior Mortgage Underwriter
Manager of Underwriting Department

Ms. Fay Sanders
Community Affairs Officer
Community Affairs - Re-Investment Office

FLEET NATIONAL BANK

Ms. Cindy Merkel
Vice-President in charge of mortgage functions

OLD STONE BANK

Mr. Tony Maurochuch
Head of Mortgage Division

RHODE ISLAND HOSPITAL TRUST

Mr. Wayne Long
First Vice-President

Providence Housing Policy Committee

Minutes March 9, 1988

Council President Easton - opening remarks - Introduction Bank People
- RIHMFC

Nick asked people from RIHMFC and banking sector to contribute ideas and discussion re: problems and solutions with regard to housing. With special regard to trying to make it easier for low/moderate income people afford and be eligible for mortgages - include in competition.

1.) issue of qualifying is tilted i.e. determining qualifying ratios

Tony Murochuck - Old Stone Bank/ issue - many people are confined with the 5-10% down-payment. - solution may be to require less than 10% - issue - insurance sources
- may need to find an alternate insurance source.

*Nick Easton asked - can the above be explored by (with) city and banks?

Nick Retsinis explained RIHMFC - PMI's and said that currently RIHMFC has introduced legislation to expand policy.

- had enabling statute RIHMFC - needs to update legislation - they have reviewed it and are making changes.

new role RIHMFC - explore - to become directly involved in PMI's co.'s.

Nick Easton asked - is RIHMFC seeking additional powers? - Nick Retsinis responded - ? we can insure loans (RIHMFC) - they will explore the feasibility.

Nick Easton asked how do banks count rents in income at 50% not 75% *subtract it from debt.

- NOW ONLY CITIZENS ACCEPTS IT THAT WAY

Community re-investment deals/sounded good on paper - are not working well.

Fleet did not get the response it anticipated towards community re-investment

It was noted that people are more comfortable with banks non-profits know and deal with.

RIHMFC guidelines are out of balance.

Ray Nerinx noted he has seen the system go through wide changes to establish community agenda's.

Steve Daniels said that when he (Real Estate Agents) interview prospective buyers they are more apt to respond to mortgagable individuals i.e developers/higher income people - because of constraints

*Nick asked can the city provide technical support (staff support) to be set up to assist non-profits in putting together programs - to create a viable strategy?

* - is staff assistance more valuable/Ray Nerinx responded they need both - can't have one without the other.

Ray Nerinx - City should monitor old city owned vacant school buildings-? disposition of city owned properties - must (city) use (utilize) valuable resources - they are currently being lost to low/income people. He also stated that this city is not preserving housing and it should.

Jay Sanders/Fleet - mentioned SWAP Program and how well it functions. /success because they have established a working relationship with city/banks and they have been quite successful in dealing with and providing for low/income dwellings (units)

*Nick Easton asked - can the city provide Administrative staff support? -? not enough funding - cuts in funding/limited.

Re: portfolio loans - can the banks regulate their own rules - how much can be done.

i.e. geographical distribution"

/Has to do with Bank Charters. there is certainly room to explore.

*Project - trying a secondary market for risk loans

- Andy Merkel responded - Fannie Mae may be going in that direction.

Would it be a good idea to have a city-wide mortgage fair?

Nick Easton suggested - staff person to deal with banks in helping people put together the necessary items for the banking industry.

Asada Tigrai - Project Basic - she thinks the banks are doing their part - she also feels some resistance to non-profit groups by city and state re: affordable housing groups.

She suggests instead of adding staff - add program dollars to assist non-profits

non-profits have good bankable programs/good for neighborhoods.

i.e. Linkage Program needs to be looked at

Nick/idea of a steering committee for use of UDAG, linkage's

issue/duplexes - could the units be sold separately without making it a condo?

- title/common law - each own $\frac{1}{2}$ of land.

Cindy Merkel - can't get a fixed rate on secondary market.

Elmwood Neighborhood Housing - to address this issue.

Coalition Consumer Justice - housing rehab - are there any plans?

Nick Retsinis - /million is $\frac{1}{2}$ allocated to Providence last year.

Retsinis/loans at 3% small property re-hab - rent regulatory agreements.

committee @ 700,000 - 750,000 allocated by formula - to benefit older housing stock.

Art Hanson - last September, 1987 by 4-5 weeks, Planning & Development had enough applicants for 3% loan program to spend it's allotment(\$) at this point. Money is committed to applications process.

Nick Retsinis noted that emergency EAF money - housing assistance program

200,000 yield from trust fund 300,000 state assembly deligated to RIHMF by Governor.

Nick Easton/purchase re-hab mortgages are they hard to get - what can the banks do?

A lot of abandoned houses - low income - would buy and re-habilitate Fleet - does through FHA - restricted to owner occupied - very expensive program to offer -

Administratively

*can the city assist?

Re: homesteading loans with SWAP

- citizens - not a good experience

Needs someone to do construction development.

Give SWAP land trust -RIHMFC WILL MORTGAGE.

David Karoff - SWAP - not getting land he is asking for.

* Priority's set by City Ordinance is 5 years old - must re-assess.

* Recommendation of priorities by changed - City Council looking at changes Re: vacant lot Program.

Assada Tigrai Re: single family homes for welfare mothers
Project Independence (Governor's Agency) scheduled
this Spring - beginning in April 1988.

*Nick - set up a meeting with Nick Retsinis
RIHMFC

Issue/rent towards ownership?

program - can it be established.

Also: rent - can it be considered as a form of credit.
- option to buy

*City through tax incentives - could help encourage that type of
arrangement - city could be a catalyst.

Assada Tigrai - City is not doing their part at all - delivery is
coming from other sources.

*Changes in Ordinance and State Law to commit.
overall policies must be established.

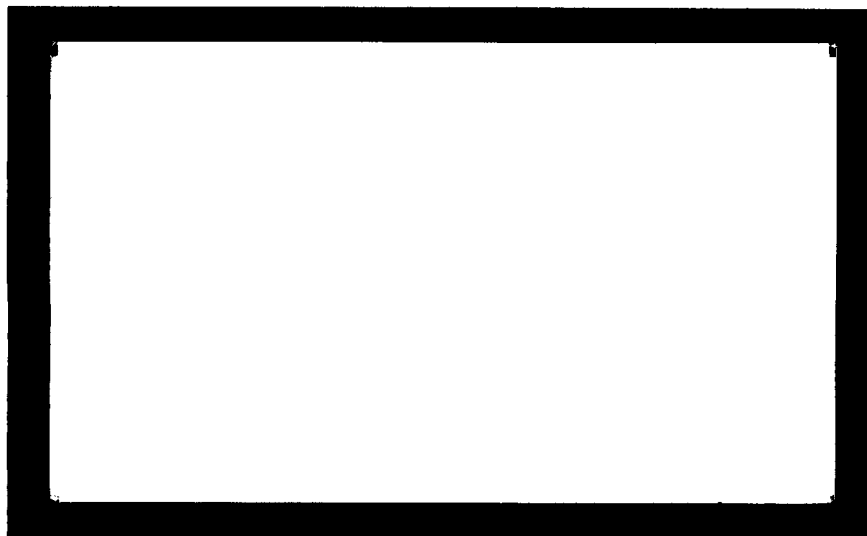
Nick Easton asked if the banking community would continue to input
to this committee with any further suggestions.

Nick Retsinis:

*Congress - moves to extend Mortgage Revenue Bond Programs
write letter/City Council
Resolution - support.

Meeting adjourned

TAUBMAN CENTER
REPORT



**A. ALFRED TAUBMAN CENTER FOR
PUBLIC POLICY & AMERICAN INSTITUTIONS**

**POLICY ANALYSIS LABORATORY
REPORT**



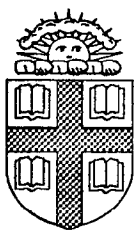
BROWN UNIVERSITY

Toward Affordable Housing: A Strategy for the City of Providence

by

Michael J. Rich
Thomas J. Anton

September 1988



*A. Alfred Taubman Center for
Public Policy and American Institutions
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ACKNOWLEDGEMENTS

This report is the product of a unique collaboration between Brown University, the Providence City Council, and the citizens who make up the City Council's Committee on Housing Policy for the City of Providence. Two years ago Council President Nick Easton established the Housing Policy Committee and asked the Taubman Center at Brown to assist the Committee in developing information about the city's housing problems. Working closely with the Committee, several faculty and students from the Center designed and administered a survey that formed the basis for our June 1987 publication, *Housing Affordability and Neighborhood Transition in the City of Providence*. That report was discussed at a public meeting of the Committee and reported widely in the press, but it contained no policy recommendations for the Committee to consider. This report takes the next step by offering specific policy proposals for consideration by the Committee, the City Council, the Mayor, and others interested in and responsible for housing policy.

Once again, several faculty and students from the Taubman Center worked together to gather information and prepare the analysis, and once again we enjoyed the close cooperation of the Committee, as well as city, state and federal housing administrators. We are especially grateful to Council President Easton and the other members of the City Council for providing the resources that allowed us to hire student research assistants, and to the Taubman Center for supporting the salary and administrative costs of the study. Many talented housing administrators took a great deal of time to give us a great deal of information, including Nicolas Retsinas and Jean Robertson of the Rhode Island Housing and Mortgage Finance Corporation, Stephen O'Rourke, Executive Director of the Providence Public Housing Authority, Thomas Moses, Director, and Arthur Hansen, Associate Director of the Providence Department of Planning and Development, and Casimir Kolaski, Director of the Providence Office of the U.S. Department of Housing and Urban Development. Many representatives of nonprofit organizations involved in housing also took the time to respond to our questionnaire and our telephone requests. As grateful as we are to all of these fine people, we are even more grateful to a small but exceptional group of Brown students: Richard Duke, Kelly Huang, Susie Powell, and Karen Brown.

Readers should understand that the recommendations offered and opinions expressed in this report reflect the judgments of the authors alone; they do not necessarily represent the views of Brown University, the A. Alfred Taubman Center for Public Policy and American Institutions, the Providence City Council, the Committee on Housing Policy for the City of Providence, or the Providence Housing Authority, of which one of the authors is a member. We believe the analysis is sound and the recommendations reasonable, and we hope that elected officials, administrators, and citizens will give them serious consideration. The City must act, and it must act soon, if we are to make real progress toward achieving affordable housing in Providence.

EXECUTIVE SUMMARY

This report outlines the parameters of the housing problem in Providence, reviews various policy responses with an emphasis on the City's use of various federal, state, and local housing programs, examines housing policy innovations in other states and cities, and concludes with a call for a six-part housing strategy for the city of Providence and specific recommendations for the implementation of that strategy.

Among the major findings of this report are the following:

- Housing costs have increased far more rapidly than wages for Providence residents. While median family income jumped by 92 percent between 1980 and 1986, the median cost of a single-family home increased by 131 percent and the median contract rent for a city apartment increased by 182 percent during the same period.
- Between 1980 and 1986 nearly twice as many single-family as multi-family housing units were built in Rhode Island, primarily in the more suburban and rural areas, leaving the state with 12,000 more renter households than renter units. In Providence, twice as many housing units were demolished as were built during the same period, leaving the city with a net *loss* of more than 600 housing units.
- Only 40 percent of the assisted housing units in Providence, excluding Section 8 existing housing and housing vouchers, are units available for families. In addition, these units are not widely available throughout the city as almost two-thirds of the city's census tracts do not have any assisted housing units for families.
- Assisted housing in Rhode Island is concentrated in Providence. According to the most recent available data, Providence has more than one-fourth of the state's assisted housing but only 16 percent of the state's population.
- The shortage of assisted housing units is most acute for families. Between 1980 and 1988 the city of Providence experienced a net *loss* of 380 units of assisted housing for families and added almost 500 new units of assisted housing for the elderly. During this same period the total number of units of assisted housing for families in the state declined by 300 whereas more than 4,100 units of assisted housing for the elderly were built.
- Providence allocates a much smaller share of its Community Development Block Grant funds for housing than other cities. In 1987, less than one-fifth of the city's CDBG entitlement was used for housing activities. A national sample of 81 entitlement cities allocated nearly one-half of their 1987 CDBG funds for housing.
- Of the CDBG funds the City does spend on housing assistance, only a small share actually results in direct assistance to low- and moderate-income households. Moreover, very little structural rehabilitation is being accomplished with block grant funds. Under the City's largest CDBG-funded rehabilitation program, the Elderly and Handicapped Paint program, the average amount of assistance per housing unit is about \$800 for multi-family properties and \$500 for single-family homes.

- Under the Rental Rehabilitation Grant program, the city of Providence also does less well than other cities. The data show that many cities, particularly Worcester, Hartford, and Kansas City, have been able to generate substantially greater amounts of rehabilitation per unit than Providence. In Worcester and Kansas City, rehabilitation expenditures under the Rental Rehabilitation Grant program average more than \$31,000 per unit and in Hartford expenditures per unit are more than \$21,000; in Providence expenditures per unit are less than \$6,400.
- In response to the federal retreat from housing assistance during the 1980s the State of Rhode Island has created many new housing initiatives. One recent study identified 29 housing programs of varying size and scale distributed among several departments, agencies, and executive offices. The Rhode Island Housing and Mortgage and Finance Corporation, alone, has initiated more than a dozen new programs in the past 18 months. Yet the state response, impressive as it appears on paper, has failed to significantly narrow the gap between the demand for and supply of affordable housing because of difficulties in getting its new programs underway and an overall lack of coordination among the various programs.
- More than 30 nonprofit housing organizations are actively promoting affordable housing initiatives in the city of Providence. However, only about one-third of these organizations actually produced any housing units in 1987 and only two organizations developed more than 50 units each. Clearly, the capacity of the city's nonprofit housing organizations needs to be enhanced.
- Recent data on housing conditions collected by SABRE Systems as part of Providence's property revaluation shows that more than one in four multi-family buildings in the city were classified as being in either poor or fair condition. Less than 10 percent of the single-family homes in the city are in poor or fair condition.
- Among rental properties, one-fourth of two-to-five family buildings and one-third of all apartment buildings were classified by SABRE Systems estimators as in either poor or fair condition.

The report offers a six-part housing strategy for the city of Providence:

1. **Commitment.** To significantly improve our ability to provide affordable housing, city leaders need to move housing to a higher position on the political agenda. Affordable housing must become, in practice and perception, an urgent priority.
2. **Capacity.** The first consequence of giving higher priority to affordable housing should be to improve the capacity of local organizations to produce such housing.
3. **Coordination.** The city government is only one among many organizations actively pursuing affordable housing. Therefore, a city strategy must be one that includes the interests of these various organizations, including federal, state, private, and nonprofit organizations.
4. **Leveraging.** City officials should make a greater effort to leverage additional dollars -- both public and private -- for investments in housing development and rehabilitation.
5. **Rehabilitation.** The major strategic goal of the City's housing policy should be the rehabilitation and improvement of the existing housing stock. The scarcity of available land and soaring construction costs make new construction of low-income housing units prohibitively expensive.

6. **Leadership.** We believe the city government, the only actor with responsibility for all residents, should vigorously embrace its leadership role by educating citizens about the importance of affordable housing, by reaching out to developers and nonprofit organizations to stimulate new housing opportunities, and by aggressively pursuing all available resources, private as well as public, that might be made available to help alleviate the affordability crisis.

A summary of the specific recommendations we propose for implementing this six-part strategy is listed below:

1. *The City of Providence needs to strengthen its capacity to formulate, administer, and monitor housing policies and programs.*
 - 1A. Create a separate division within the Department of Planning and Development with specific responsibility for development and management of housing programs.
 - 1B. Hire additional staff with expertise in the area of housing policy planning and administration.
 - 1C. The City should appoint a housing expeditor who would have primary responsibility for coordinating the City's housing efforts among the various federal, state, and local agencies.
 - 1D. The City should increase the amount and level of technical assistance and outreach provided to nonprofit housing organizations.
 - 1E. Computerization of the Department of Planning and Development is needed to enhance the capacity of managers and analysts to plan, administer, and evaluate the department's programs.
2. *The City should increase its commitment to developing programs that increase the supply of affordable housing units.*
 - 2A. Providence should allocate a larger share of CDBG funds for housing activities.
 - 2B. Providence should increase the amount of additional dollars -- both public and private -- leveraged with federal funds.
 - 2C. Providence should become more aggressive in seeking external funding.
3. *The City should develop a housing rehabilitation strategy in which different programs address different types of rehabilitation needs.*
 - 3A. The City should undertake a comprehensive needs assessment concerning the condition of Providence's housing stock.
 - 3B. The City should develop a rental rehabilitation program that addresses the need for more extensive rehabilitation.
 - 3C. The City should undertake an inventory of publicly-owned vacant buildings and explore the possibilities for converting these properties to affordable housing.
4. *In developing its housing strategy, the City should seek to strike a balance between downtown- and neighborhood-oriented initiatives.*

4A. The amount of public funds invested in neighborhood housing initiatives should be comparable to those being invested for downtown housing.

4B. The Providence Housing Authority should carefully consider the location of scattered-site housing being developed to replace those units lost at Hartford Park, and to the extent possible, use this investment as a strategic neighborhood revitalization tool.

5. *The Rhode Island Housing and Mortgage Finance Corporation should give more emphasis to multi-family rehabilitation and development programs.*
6. *The State should promote a "fair share" distribution of low-income housing among Rhode Island cities and towns.*
7. *The capacity of nonprofit housing organizations to develop, rehabilitate, and manage housing needs to be enhanced.*

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INTRODUCTION

The City of Providence is on a roll. After decades of decline, population has begun to increase, hundreds of millions of dollars in new commercial and residential construction projects are under way, the movement of two river beds will shortly give the downtown a new look and, perhaps most important of all, unemployment is at its lowest level since 1960. Like other cities in the Northeast, Providence is enjoying the many benefits of a booming regional economy.

But there is a downside to this otherwise optimistic picture, and it is serious enough to threaten not just the current economic boom, but the very character of the City itself. The problem is housing. There is not enough housing to meet the demands of an increasing city population, and the costs of existing housing units are beyond the financial reach of the average city wage-earner. These conditions are a threat to the City's economy because, without adequate affordable housing, employers often are unable to attract the workers they need to support their enterprises. These same conditions threaten the character of the City itself because, as increased demand drives up the cost of housing, speculators rather than owners come to dominate the rental market, lower-income tenants are forced to leave units they may have occupied for many years, and city neighborhoods become populated with transient strangers rather than stable residents. To meet this threat to the City's economic and social well-being the City needs a housing policy -- and it needs that policy soon.

In June 1986, the Providence City Council passed a resolution authorizing Council President Nick Easton to appoint a committee to study the impact of increased pressure on the housing market in the City of Providence. The eight-member panel, known as the Committee on Housing Policy for the City of Providence, began meeting in the Fall of 1986 to clarify and define its mission.¹ During the committee's initial meetings concerns about a variety of topics, including gentrification, displacement, the lack of affordable housing, rent control, real estate speculation, the invasion of Boston investors, and the loss of community control, were raised by the committee members.

In order to provide the Committee with current information on the nature, scope, and severity of the housing problem in Providence, the A. Alfred Taubman Center for Public Policy and American Institutions at Brown University was asked to provide technical support to the Committee. As part of that effort the Taubman Center conducted a telephone survey among a representative sample of city residents consisting of 535 owner- and renter-occupied households during the first three weeks of March 1987.² The survey focused on the issues of neighborhood conditions and city services, residential mobility and neighborhood transition, and landlords, rents, and rent burdens, and found that while housing problems were severe in the City, they were not citywide in scope. Although most residents were reasonably satisfied with their housing situation, residents in some neighborhoods, particularly those in the Central Core and South Providence areas, have been especially hard hit by soaring housing costs. Moreover, our survey indicated that regardless of their geographic location within the City, the poor are

¹ See Appendix I for a list of committee members.

² Michael Rich, Thomas Anton, Peter Eisinger, Susan Lesser, and Christine Swistro, Housing Affordability and Neighborhood Transition in Providence (Brown University, A. Alfred Taubman Center for Public Policy and American Institutions, June 1987).

especially vulnerable to recent changes in the City's housing market. Nearly half of the households with incomes less than \$10,000 were paying 50 percent or more of their monthly income for rent. We concluded that report with a recommendation that the Committee begin to explore policy options that target housing assistance to the people and places with the greatest needs, and to explore the experiences comparable cities have had with social and/or geographically targeted housing assistance programs.

During the Fall of 1987 the Committee continued to meet on a regular basis and heard testimony from a variety of participants active in the development and rehabilitation of housing in the City of Providence. Representatives from nonprofit housing organizations, private lending institutions, realtors, developers, and city and state agencies appeared before the Committee to offer their views on the current housing situation. In January 1988, the Taubman Center began a comprehensive analysis of housing programs and policies in the City of Providence with an emphasis on examining the City's recent experience with federal, state, and city housing programs, and comparing that experience wherever possible to cities in New England and other regions of the country comparable in size to Providence. This study was designed, in part, to produce information that would be useful to the Committee in their deliberations concerning a housing policy for the City of Providence.

In conducting this study, we talked with individuals from many organizations -- public, private, and nonprofit -- about the problems of affordable housing in Providence and have compiled data from many sources into what we believe to be one of the most comprehensive accounts of housing policy in the City's history. Our report is organized into four main sections: Part I examines the dimensions of the housing crisis in Providence, Part II discusses various policy responses to the housing problems with an emphasis on the City's use of various federal, state, and local housing programs; Part III examines housing policy innovations in other states and cities and includes a discussion of rent control, linkage, and public-private partnerships; and Part IV concludes our report with a call for a six-part housing strategy for the City of Providence and offers specific recommendations for the implementation of that strategy.

I. DIMENSIONS OF THE HOUSING CRISIS

Why should housing be a problem in a city whose residents are virtually all at work, earning considerably more than they earned just a few years ago? The short answer is that housing costs have increased far more rapidly than wages for Providence residents. Thus, while median family income jumped by 92 percent between 1980 and 1986, the median cost of a single family home increased by 131 percent in the same period (see Appendix Table A-1). Year-to-year prices have been even more dramatic in recent years, rising by 39 percent between 1985 and 1986 alone, and by another 26 percent between 1986 and 1987.³ With an average purchase price in 1987 of \$119,192 for a new single-family home and \$113,087 for an existing home, and a 1986 median family income of \$22,004, it is clear that the vast majority of the City's families simply have been priced out of the housing market.⁴

Renters, who occupy most (63%) of the City's housing units, have experienced even worse financial pressure in recent years. Although median renter income in 1986 was 62 percent higher than in 1980, that increase was nowhere close to average rental costs, which recorded an explosive increase of 197 percent during the same period.⁵ By 1988, according to the Providence Housing Authority's recent survey of some 4,000 renters, the average monthly rent for a 2-bedroom apartment (including utilities) in the City had reached \$636. To be able to afford that price a renter would require an annual income of some \$25,000, as compared to the median family income of \$22,004 and the median renter income in 1986 of only \$13,753.⁶ It is thus not surprising that one-third of all respondents to a 1987 survey reported that they were paying half or more of their monthly income for rent, or that nearly half of those earning \$10,000 or less per year were paying half or more of their income for rent.⁷ If most city families can no longer afford to buy the average home, most city renters can no longer afford to rent the average city apartment. For the City of Providence, these conditions must be regarded as a major crisis.

Behind these numbers lie several demographic, economic and political conditions that together have helped to create the housing affordability crisis. A demographic fact of enormous significance is the number of households in Rhode Island, which increased by more than 30,000 between 1980 and 1985.⁸ Most of these were not the traditional two-parent families, however. Instead, five of six new household units were single-parent households, persons living alone, or units composed of unrelated individuals. Apart from the dramatic changes in family composition suggested by these developments they are

³ These percentage changes in average single-family home prices for the City of Providence are based on an analysis of real estate transfer data obtained from the Rhode Island Department of Administration.

⁴ These figures are for the City of Providence. Average home prices were obtained from the Rhode Island Department of Administration; estimates of median family income are from the Rhode Island Housing and Mortgage Finance Corporation.

⁵ Income and rent estimates for Providence renters were obtained from the Rhode Island Housing and Mortgage Finance Corporation.

⁶ These figures are income projections for Providence based on an analysis of census data by the Rhode Island Housing and Mortgage Finance Corporation.

⁷ Housing Affordability and Neighborhood Transition in Providence, p. 23.

⁸ These projections were obtained from the Rhode Island Housing and Mortgage Finance Corporation.

significant for another reason: these kinds of household units are largely (70%) composed of lower-income renters, many of whom would be expected to live in the larger cities where most rental units are located.

Yet between 1980 and 1986, nearly twice as many single-family as multi-family units were built in Rhode Island, primarily in the more suburban and rural areas, leaving the state with 12,000 more renter households than rental units. Even worse, twice as many housing units were demolished as were built in the City of Providence during the same period, leaving the City with a net *loss* of some 629 housing units.⁹ New households have been added in the City, but net additions to the rental housing stock have not been made. Although the number of building permits issued in Providence for single-family and multi-family housing have risen sharply over the past three years (Appendix Figure A-4), many of these units have yet to reach the market and a good portion of those that have are beyond the financial reach of the average city resident. The most obvious consequence, apparent to anyone who has tried to find housing, is that the City is full: a recent HUD survey reported that the vacancy rate for single-family detached homes was 0.9 percent, while the vacancy rate for multi-family units in the City was 3.2 percent.¹⁰ These very low vacancy rates make clear that the City can not now house all of its people.

A second factor of great economic significance is the continuing transformation of the Rhode Island labor market. Although manufacturing continues to provide the largest single source of jobs in Rhode Island, manufacturing jobs declined by 5.2 percent between 1980 and 1987 while transportation, communications and public utility jobs increased by 15 percent, trade jobs increased by 26 percent, finance-insurance-real estate jobs grew by 21 percent, and service employment jumped by some 37 percent.¹¹ Clearly, both the State and the City of Providence are becoming transformed, providing various technical and professional services instead of products for national and international markets. Indeed, the state ranks eleventh in the nation in the number of export-related jobs per 1,000 population!¹² The good news is that this transformation has enabled the state to enjoy an unemployment rate of 2.9 percent, second lowest in the nation, and the lowest on record since the state began seasonal adjustments in 1960.¹³ The bad news is that most of the new service-sector jobs do not pay very high wages. Thus while employment rates may be high, wage rates continue to be low relative to other states and cities. In 1986, the average annual pay for Rhode Island workers was \$17,733, only 89 percent of the national average of \$19,966.¹⁴ Even if housing units were more plentiful and less expensive, most citizens would continue to find it difficult to buy or rent.

The third important factor contributing to the City's housing crisis is more political: the decline in federal government support for housing assistance. A pointed summary of that decline was provided recently by The Governor's Human Services Advisory Council, which wrote:

⁹ These figures were obtained from the Rhode Island Housing and Mortgage Finance Corporation. See Appendix Figures A-4 and A-5 for data on the number of building permits issued for Providence and the state of Rhode Island during the period 1980-1987.

¹⁰ Vacancy rate estimates are from the Economic Marketing and Analysis Division of the U.S. Department of Housing and Urban Development, Boston Regional Office, and are based on a postal vacancy survey conducted between June 1987 and August 1987.

¹¹ Brizius and Foster, State Policy Data Book, 1988 (McConnellsburg, PA: Brizius and Foster, 1988), Tables B-36, B-39, B-42, B-45, and B-48.

¹² *Ibid.*, Table B-53.

¹³ Providence Journal, June 24, 1988.

¹⁴ State Policy Data Book, 1988, Table B-12.

In 1980, the Department of Housing and Urban Development (HUD) had budget authority for the construction or rehabilitation of 129,490 housing units. In fiscal year 1987, it was authorized only enough funding for 16,500 units, a reduction of 87% in seven years. These remaining units have been reserved for the very low income, leaving the working poor with little, if any assistance. Similar cuts in Section 8 rental subsidies, public housing operating and modernization programs, as well as reductions in Urban Development Action Grants and Community Development Block Grants awards, have raised serious doubts about the federal government's continuing commitment to the 1949 goal of "a decent home and suitable living environment for every American family."¹⁵

Neither the state nor the City have been in a position to provide resources to replace lost federal assistance. The major state housing agency, the Rhode Island Housing and Mortgage Finance Corporation, had no rental assistance program and only limited authority to provide other forms of housing assistance.¹⁶ The City had no housing programs other than those funded with federal Community Development Block Grant funds and those operated by the Providence Housing Authority, which had not only been forced to abandon some 900 units because of asbestos contamination but had been allowed to slip into such a state of managerial decay that HUD first designated the Authority as "operationally troubled," then "financially troubled," before threatening to cut off the Authority's operating subsidy altogether. The Authority's managerial capacity has been largely restored, and relationships with HUD are now much improved, but even with these improvements it is important to note that the authority will demolish some 240 units over the next year before replacing them with new units. In the short run, at least, locally-administered federal housing programs can do little to attack the City's housing crisis.

From the City point of view, these demographic, economic and political developments suggest that the City's housing crisis needs to be understood as a set of interrelated problems:

- population growth and changes in household formation have substantially increased the demand for city housing;
- the supply of housing actually has decreased since 1980, creating an imbalance between supply and demand that has contributed to cost increases;
- exploding housing costs have driven many from the market: the average family can no longer afford to buy the average home and the average renter can no longer afford to rent the average apartment;
- the City's transformation into a service economy has put people to work but wage rates for the new jobs are unlikely to permit workers to meet the increased costs of housing;
- at a time when housing needs have dramatically increased, federal government resources to meet those needs have dramatically decreased;

¹⁵ Rhode Island Department of Administration, The Housing Report of the Governor's Human Services Advisory Council (Providence, RI: July 1987), p. 24.

¹⁶ In June 1988, the state enacted a new rental subsidy assistance program. For further discussion see page 48.

- although all segments of the population are affected by these developments, low income groups have been hardest hit: they have suffered most from rapidly escalating costs for existing rental units, the loss of such units, and the failure to produce new units at affordable rents.

In framing the issue as a "crisis," composed of several distinct yet interrelated problems, we seek to dramatize but not oversimplify. The lack of affordable housing is a true crisis that, unless attended to, will threaten the continued economic vitality of the City and its people. There is no single or simple action the City can take, however, that will suddenly resolve the crisis. There are emergency measures that can be and have been taken to deal with some manifestations of the crisis, such as growth in the number of homeless individuals and families.¹⁷ But the underlying crisis is deeper and more fundamental than emergency assistance to the homeless, and we must not allow our concern for the homeless to distract attention from the deeper roots of the City's housing problems. The crisis is complex and multi-dimensional rather than simple, which means that any "policy" the City may adopt must be similarly multi-dimensional. We believe the City needs a strategy, not just a policy. We plan to offer just such a strategy but before we can do so, we need to be clear about the programs already available to address the housing crisis.

¹⁷ According to a recent report by the Mayor's Task Force on the Homeless, there were 39 homeless persons identified in a street count conducted on August 12, 1987. A survey conducted by the Providence Department of Human Services on May 11, 1987, reported 118 homeless persons sought lodging in one of the City's shelters. The report also noted that 234 homeless persons sought shelter in Providence motels during Fiscal Year 1987. See Mayor's Task Force on the Homeless, Homeless in Providence (Providence: Department of Human Services, September 1987), pp. 43-44.

II. POLICY RESPONSES TO THE HOUSING CRISIS

In this section we describe how various public and private organizations have responded to the housing crisis in Providence. Our focus is on the City's recent experience with various federal, state, and local housing assistance programs.

FEDERAL HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

City involvement in housing policy is a relatively recent phenomenon. Until the mid-1970s, cities had very little direct involvement with housing policy. Indeed, most cities assigned housing responsibilities to Public Housing Authorities, planning departments were concerned primarily with land use, and occasionally redevelopment authorities were active with federally-funded housing construction and rehabilitation programs.

The Housing and Community Development Act of 1974 ushered in a dramatically new era in federal-local relations concerning housing assistance. One of the most important effects of the new federal delivery system was the emergence of city governments as active participants in the formulation, administration and management of housing policy, especially concerning housing rehabilitation programs. While many of the early CDBG-funded housing rehabilitation efforts were modelled after previous federal programs, in many cities rehabilitation programs were designed to specifically meet the unique needs of the local housing market. More important, cities began to change the administrative structure of government and assignment of functional responsibilities to bring housing more in line with other municipal departments and away from specialist authorities. For instance, many cities established departments of community development, others departments of housing and community development, and in a few cities, separate departments of housing were created.

In this section we review Providence's recent experience with various federal housing programs. These include public housing, Section 8 housing, Community Development Block Grants, Urban Development Action Grants, Housing Development Grants, and Rental Rehabilitation Grants. Where possible, we try to compare Providence's experience to that of other cities of comparable size in New England as well as other regions of the country.

Public Housing and Section 8 Assisted Housing

Direct federal involvement in housing assistance can be traced back to the Housing Act of 1937 which created the basic public housing delivery system -- federal funding for projects planned, owned, and operated by local housing authorities. The initial federal response was designed to stimulate the economy and pull the country out of the Great Depression, although during the past 50 years public housing has become more closely associated with efforts at improving housing conditions for low income populations

in inner city areas and social reform.¹⁸ The preamble to the Housing Act of 1949 articulated the guiding principle of federal housing policy: "a decent home and a suitable living environment for every American family."¹⁹ As a means for achieving this objective, the act authorized the construction of 810,000 units of public housing over the next six years, a goal that was not met, however, until 1972.²⁰

The federal government was much more successful in promoting home ownership than providing housing assistance for low income populations. Through programs of the Federal Housing Administration and the Veterans Administration, which provided low-rate mortgages and insured mortgages, and a variety of federal income tax deductions, home ownership rates skyrocketed. During the 1920s, 1930s, and 1940s less than one-half of all households were homeowners; by the late 1970s, nearly two-thirds of all U.S. households had become homeowners.²¹ However, recent evidence suggests that this trend has begun to reverse itself. According to one study, the percent of owner-occupied households declined from 65.6 percent in 1980 to 64 percent in 1987, with reductions in homeownership most pronounced in the Midwest.²²

Many reasons account for the failure of the public housing program. For instance, mayors were more interested in using the urban renewal program for commercial redevelopment as opposed to residential development for low-income housing. Studies of the urban renewal program point out that the program resulted in the demolition of more low-income units than it replaced. According to one study, through the end of 1971 the urban renewal program had resulted in the demolition of 600,000 housing units whereas only 244,000 units had been built or were under construction.²³

Public housing also faced substantial local political impediments regarding the location of assisted housing developments. As a result, most of the public housing units that were constructed in the 1950s and 1960s were large-scale projects located in marginal areas of central cities. The public housing experience, however, shows that such concentrations of low income populations led to many social disasters, perhaps best illustrated by the decision of St. Louis officials to demolish the Pruitt-Igoe public housing development in 1972. As housing policy officials began to promote a scattered-site approach to low-income housing as an alternative to the concentration of public housing in central cities and in specific neighborhoods within central cities, local community opposition continued to resist these efforts.²⁴

¹⁸ For an overview of the development of public housing in the United States see J. Paul Mitchell, ed., Federal Housing Policy and Programs (Rutgers University, Center for Urban Policy Research, 1985) and John C. Weicher, Housing: Federal Policies and Programs (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1980).

¹⁹ Public Law 87-171, Section 2.

²⁰ Mitchell, Federal Housing Policy and Programs, p. 195.

²¹ George Sternlieb and James W. Hughes, "The Evolution of Housing and Its Social Compact," in J. Paul Mitchell, ed., Federal Housing Policy and Programs, p. 149.

²² William Apgar Jr. and H. James Brown, The State of the Nation's Housing (Harvard University, Joint Center for Housing Studies, 1988).

²³ Congressional Research Service, The Central City Problem and Urban Renewal Policy, prepared for the Senate Committee on Banking, Housing and Urban Affairs (Washington, D.C.: GPO, 1973), p. 56.

²⁴ See for example, Anthony Downs, Opening Up the Suburbs (New Haven, CT: Yale University Press, 1974) and Michael Danielson, The Politics of Exclusion (New York: Columbia University Press, 1976).

Over the years the clientele of public housing developments has changed dramatically, in part reflecting the growing concentration of poverty populations in the nation's central cities. Initially, public housing developments were occupied by working-class households, particularly returning World War II veterans who faced severe housing shortages in the early 1950s. However, the institution of income limits, rising incomes, and the availability of relatively low-cost new housing that was being built in the suburbs led to the exodus of the working-class from public housing developments. According to one recent survey, public housing tenants have the lowest average incomes among tenants in any of HUD's rental assistance programs. The survey reported that a typical income for a family in public housing is \$6,000 and \$5,000 for an elderly household.²⁵

Changes in the tenure of public housing tenants had grave fiscal consequences for local housing authorities which were required to meet their operating expenses from rent receipts as federal assistance was limited to the capital costs of construction. In 1969, federal law governing the public housing program was changed to limit tenant contributions towards rent to 25 percent of their income and in 1982 the ceiling on tenant rent contributions was raised to 30 percent. In the early 1970s, the federal government began to provide local housing authorities with operating assistance and funds for the modernization of public housing units was first provided in 1969 and revised in 1981 to provide a higher priority for comprehensive rehabilitation.

During the 1970s federal policymakers became disenchanted with the conventional public housing approach. Only a very small proportion of eligible households were being assisted through public housing, and many of those assisted found themselves in housing developments that were not all that different from the slum tenements they left. More important, public housing was a capital intensive enterprise, requiring large outlays for the construction of new units. In 1973, President Nixon ordered a moratorium on all housing programs and established a task force to study federal housing programs and make recommendations for their improvement.

When federal funding resumed, it was primarily channeled through a different type of delivery system, one that focused on "demand-side" subsidies given to families as opposed to the conventional "supply-side" subsidies given to developers and earmarked for specific housing units. This new approach, outlined in Section 8 of the Housing and Community Development Act of 1974, was built upon the federal government's earlier efforts at leased housing begun in the 1960s and was designed to make greater use of the existing housing stock.

The Section 8 program was different from conventional public housing and from earlier efforts at leased housing. First, the income limits for eligible participants were set at 80 percent of the area median income, limits that were generally above most public housing income limits. Second, the subsidy was given to eligible households in the form of a commitment from the federal government to pay the difference between the fair market rent (FMR) for a unit of standard quality and 25 percent of the household's income. Once accepted into the program, families were given certificates that they could use to "shop" for existing or newly constructed units meeting quality standards and renting at or below the area FMR.

The Section 8 program also provided funding for housing production programs that operated in a fashion similar to the more traditional public housing program. Both the Section 8 new construction and the Section 8 substantial rehabilitation programs provided subsidies to developers (both for-profit and non-profit) and housing finance agencies for the construction of low income units. The subsidy is calculated in a similar fashion as under the existing housing program, but in the case of new construction and substantial rehabilitation, the subsidy is tied to the housing unit, not the family, for a guaranteed time period of up to 15 years. Thus, a tenant who moves out of a Section 8 new construction or substantial

²⁵ Council of Large Public Housing Authorities, Public Housing Today (Boston: CLPHA, September 1986), p. 11.

rehabilitation housing unit loses the rental subsidy whereas tenants in Section 8 existing housing units can take their rent certificates with them when shopping for a new apartment.²⁶

During the initial years of the Section 8 program, the emphasis was on new construction and substantial rehabilitation. By 1980, almost two-thirds of the 206,000 units reserved under the Section 8 program that year consisted of newly constructed or substantially rehabilitated units as opposed to existing units.²⁷ In the 1980s, however, this trend shifted back to an emphasis on existing housing. In 1982, President Reagan issued a moratorium on all new construction and substantial rehabilitation Section 8 projects, essentially bringing federal subsidy of housing production programs to a halt. In 1980, 129,000 units were reserved under Section 8 new construction and substantial rehabilitation and another 37,000 units were reserved for construction under the conventional public housing program. By 1986, the number of assisted housing reservations had declined to less than 18,000 for Section 8 and 6,000 for public housing whereas almost 90,000 units of existing housing subsidies were reserved.²⁸

In addition to substantial declines in the number of new assisted housing units authorized, an emerging major policy issue concerns the expiration of existing Section 8 contracts and the prepayment of mortgages used to finance low income housing developments. A study by the General Accounting Office reports that expiring contracts could reduce the current Section 8 existing housing inventory of about 864,000 units to zero by the end of Fiscal Year 1991.²⁹ In Rhode Island, more than 17,000 units of low- and moderate-income housing are now becoming eligible for prepayment according to a recent study by the Rhode Island Housing and Mortgage Finance Corporation.³⁰ In Providence, more than 1,200 units are identified by the Rhode Island Housing study as likely to prepay their mortgages or opt-out of their Section 8 contracts.³¹

Assisted Housing in the City of Providence

The Providence Housing Authority manages 2,630 housing units (Table 1) and administers almost 1,200 Section 8 existing housing and housing voucher certificates.³² Under the Section 8 program (new construction and substantial rehabilitation), the Providence PHA has contracts with three developments containing 380 family units. More than 2,600 additional units of Section 8 housing are administered by either the Rhode Island Housing and Mortgage Finance Corporation or HUD's Providence Office. Presently, the Providence Housing Authority is in the process of identifying scattered

²⁶ We point out, however, that the unit would still be available for rent to another low income household until the terms of the developer's subsidy agreement with HUD expired.

²⁷ Grace Milgram, "Trends in Funding and Numbers of Households in HUD-Assisted Housing, Fiscal Years 1975-1987," (Washington, D.C.: Congressional Research Report No. 87-363, May 1987), p. 6.

²⁸ Ibid.

²⁹ U.S. General Accounting Office, Rental Housing: Potential Reduction in the Section 8 Existing and Voucher Inventory (Washington, D.C.: Report No. GAO/RCED-87-20FS, October 1986).

³⁰ Rhode Island Housing and Mortgage Finance Corporation, Strategies for Preserving Rhode Island's Subsidized Housing Stock (Providence, R.I.: RIHMFC, February 24, 1988).

³¹ Ibid., Table 3.

³² As of June 1988, 358 of the City's public housing units were scheduled for modernization and another 220 units were slated for demolition. Of the available 2,052 units, 96.1 percent were occupied. Providence Housing Authority, Monthly Management Report, June 1988, p. II-3.

Table 1. Characteristics of Providence Public Housing Units by Development.

Development	Neighborhood Area	Census Tract	Date Occupied	Elderly/Handi-capped Units	Family Units	Percent Occupied 7/31/88
Admiral Terrace*	Smith Hill	27	1952	0	162	44
Chad Brown*	Smith Hill	27	1943	0	198	63
Codding Court	West End	12	1951	37	82	97
Dexter Manor	Downtown	8	1962	200	0	95
Dexter Manor II	Downtown	8	1985	91	0	100
Dominica Manor	Federal Hill	9	1966	204	0	100
Father Parenti Villa	Federal Hill	10	1973	198	0	99
Hartford Park**	Hartford	18	1954	0	748	47
John O. Kilmartin, Jr.	West End	14	1973	106	0	98
J.P. Carroll Towers	Smith Hill	26	1973	198	0	97
Manton Heights	Olneyville	20	1954	0	330	96
Roger Williams Home	South Providence	5	1943	0	40	100
Sunset Village*	Smith Hill	27	1960	36	0	36
Total				1,070	1,560	76

* Developments undergoing modernization. Should be available for occupancy in September 1988.

** Development being depopulated for modernization and demolition work scheduled for Fall 1988.

sites for the development of 184 new assisted housing units that will replace 240 public housing units scheduled for demolition at the PHA's Hartford Park complex. Current income limits for Section 8 and public housing are up to \$17,450 for an individual and up to \$24,950 for a family of four.³³ As of June 1988, there were 634 applications in process for conventional public housing apartments and another 1,267 applications for Section 8 housing. A family that has successfully completed the application process (all information has been verified and they have attended tenant orientation) and currently at the bottom of the waiting list for a two-bedroom apartment can expect to wait at least a year until a subsidized apartment becomes available.

Fair Share Analysis--Providence Neighborhoods. The distribution of assisted housing units is unevenly distributed across Providence census tracts (Table 2, Figure 1) with the greatest concentrations occurring in the City's south and west neighborhood areas. In two census tracts, one in Mount Hope and one in Downtown, more than two-thirds of the total housing units are subsidized by one or more rental assistance programs. Other neighborhood areas with high concentrations of assisted housing include Hartford, Manton, Upper South Providence, West End, Federal Hill, and Wanskuck.

The distribution of assisted housing is even more concentrated in particular neighborhoods if one examines the distribution of different types of assisted housing. Conventional public housing units are concentrated in census tracts located in the Hartford and Manton neighborhood areas where the City's two largest public housing developments are located, Hartford Park and Hartford Park Extension with 748 units and Manton Heights with 330 units (Appendix Figure A-7). Only 10 of the City's 37 census tracts contain any public housing units and there is no public housing in any of the census tracts in the City's East Side, northwest, and far south neighborhood areas.

The distribution of Section 8 new construction and substantial rehabilitation units is heavily concentrated in the City's central and south neighborhood areas (Appendix Figure A-8). More than 500 units of Section 8 housing are located in two census tracts--C.T. 8 (Downtown) and C.T. 31 (Mount Hope). In each case, large proportions of these units are elderly rather than family housing. Fifteen of the City's 37 census tracts do not contain any Section 8 new construction or substantial rehabilitation units. All but two of the City's census tracts (C.T. 30 in Mount Hope and C.T. 35 in Wayland) have at least one unit of assisted housing through either the Section 8 Existing or Housing Voucher programs. These units are most heavily concentrated in the Elmwood, West End, and Olneyville neighborhoods (Appendix Figure A-9).

Overall, 40 percent of the assisted housing units in Providence, excluding Section 8 existing housing and housing vouchers, are units available for families. However, these units are not widely distributed throughout the City, but concentrated in a few neighborhood areas (Table 2 and Figure A-10). Almost two-thirds (24 of 37) of the City's census tracts do not have any assisted housing units for families, and of the 13 that do, five have 250 or more units.³⁴ In two census tracts, C.T. 18 (Hartford) and C.T. 4 (South Providence), 100 percent of the assisted housing units are available for families.

As we noted earlier, the Providence Housing Authority is presently considering proposals for the development of 184 units of scattered site public housing. As can be seen in Figure 2, the proposed locations for almost all of these units are in South Providence neighborhoods, an area that has already absorbed a substantial share of the City's assisted housing units. City officials maintain that the proposed

³³ U.S. Department of Housing and Urban Development, Listing of HUD Multifamily Housing (Providence, RI: HUD Providence Office, 1988), p. iv.

³⁴ These are: C.T. 27 (Wanskuck), C.T. 20 (Manton), C.T. 18 (Hartford), C.T. 12 (West End), and C.T. 31 (Mount Hope). We point that many of the census tracts that do not have any assisted housing developments (public housing or Section 8 new construction or rehabilitation) for families do have families that are assisted through either the Section 8 existing housing program or housing vouchers.

Table 2. Assisted Housing Units by Type and Neighborhood Area.

Census Tract	Sec. 8 Existing/ Vouchers	Public Housing	Sec. 8 New Construction/ Substantial Rehabilitation	Total Assisted Housing Units	Total Housing Units	Percent Assisted Housing Units	Percent Assisted Units for Families**
Blackstone							
*32	34	0	0	34	1,530	2.2	--
*33	14	0	0	14	1,874	0.7	--
34	1	0	0	1	1,999	0.1	--
Charles							
29	33	0	320	353	2,706	13.0	12.5
College Hill							
*31	26	0	534	560	1,845	30.4	49.1
36	1	0	106	107	1,817	5.9	0.0
Downtown							
8	7	291	525	823	1,223	67.3	0.0
Elmhurst							
23	14	0	0	14	2,180	0.6	--
*24	8	0	0	8	2,136	0.4	--
Elmwood							
*2	181	0	266	447	3,383	13.2	37.6
*3	69	0	208	277	2,571	10.8	0.0
Federal Hill							
9	28	209	96	333	1,289	25.8	31.5
10	49	198	88	335	1,263	26.5	0.0
11	35	0	0	35	1,419	2.5	--
Fox Point							
*35	0	0	0	0	2,881	0.0	--
37	33	0	98	131	1,992	6.6	0.0
Hartford							
18	24	748	0	772	2,397	32.2	100.0
Hope							
*33	14	0	0	14	1,874	0.7	--
Lower South Providence							
*4	44	0	96	140	1,294	10.8	100.0
5	26	40	274	340	1,407	24.2	75.2
*6	14	0	0	14	588	2.4	--
Manton							
20	13	330	229	572	1,297	44.1	59.0
Mount Hope							
30	0	0	200	200	301	66.4	0.0
*31	26	0	534	560	1,845	30.4	49.1
*32	34	0	0	34	1,530	2.2	--

Table 2, continued.

Census Tract	Sec. 8 Existing/ Vouchers	Public Housing	Sec. 8 New Construction/ Substantial Rehabilitation	Total Assisted Housing Units	Total Housing Units	Percent Assisted Housing Units	Percent Assisted Units for Families**
Mount Pleasant							
21	37	0	0	37	3,246	1.1	--
*24	8	0	0	8	2,136	0.4	--
Olneyville							
19	73	0	260	333	2,346	14.2	0.0
Reservoir							
15	16	0	0	16	1,004	1.6	--
Silver Lake							
16	40	0	82	122	2,568	4.8	0.0
17	21	0	0	21	1,406	1.5	--
Smith Hill							
25	18	0	0	18	1,093	1.6	--
26	27	198	0	225	1,695	13.3	0.0
South Elmwood							
*1	48	0	100	148	2,757	5.4	0.0
*2	181	0	266	447	3,383	13.2	37.6
Upper South Providence							
*4	44	0	96	140	1,294	10.8	100.0
*6	14	0	0	14	588	2.4	--
7	27	0	358	385	1,229	31.3	30.2
Valley							
22	21	0	0	21	1,653	1.3	--
Wanskuck							
27	20	396	111	527	1,735	30.4	92.9
28	22	0	244	266	2,274	11.7	18.0
Washington Park							
*1	48	0	100	148	2,757	5.4	0.0
Wayland							
*35	0	0	0	0	2,881	0.0	--
West End							
*3	69	0	208	277	2,571	10.8	0.0
12	61	119	373	553	1,182	46.8	74.6
13	34	0	145	179	1,761	10.2	0.0
14	56	106	83	245	2,194	11.2	43.9
TOTAL	1,175	2,635	4,796	8,606	67,535	12.7	40.1

* Indicates portion of census tract included in neighborhood area.

** Includes public housing, Sec. 8 New Construction, and Sec. 8 Substantial Rehabilitation.

Figure 1
Assisted Units as a Percent of Total Housing Units
Providence Census Tracts

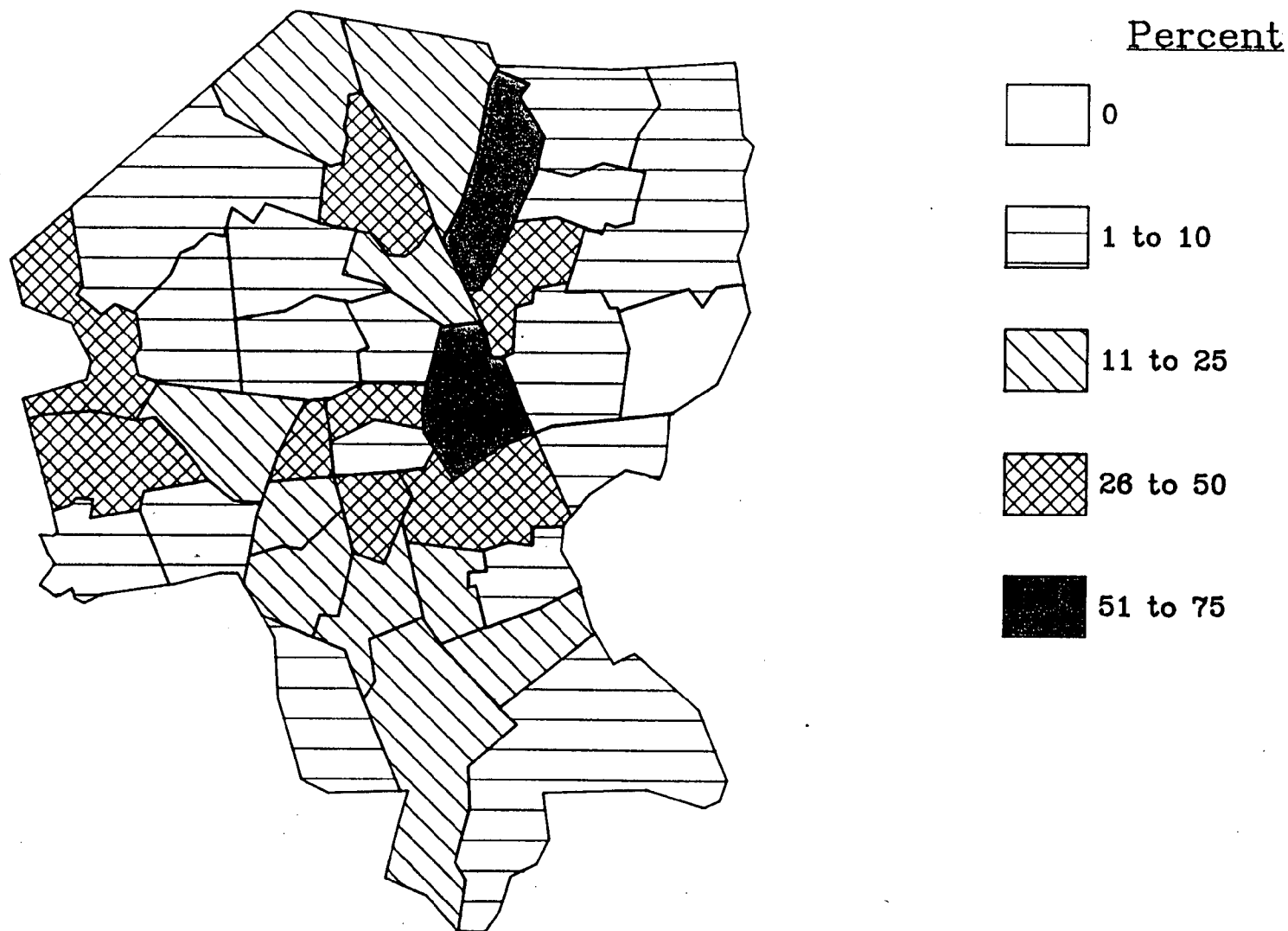
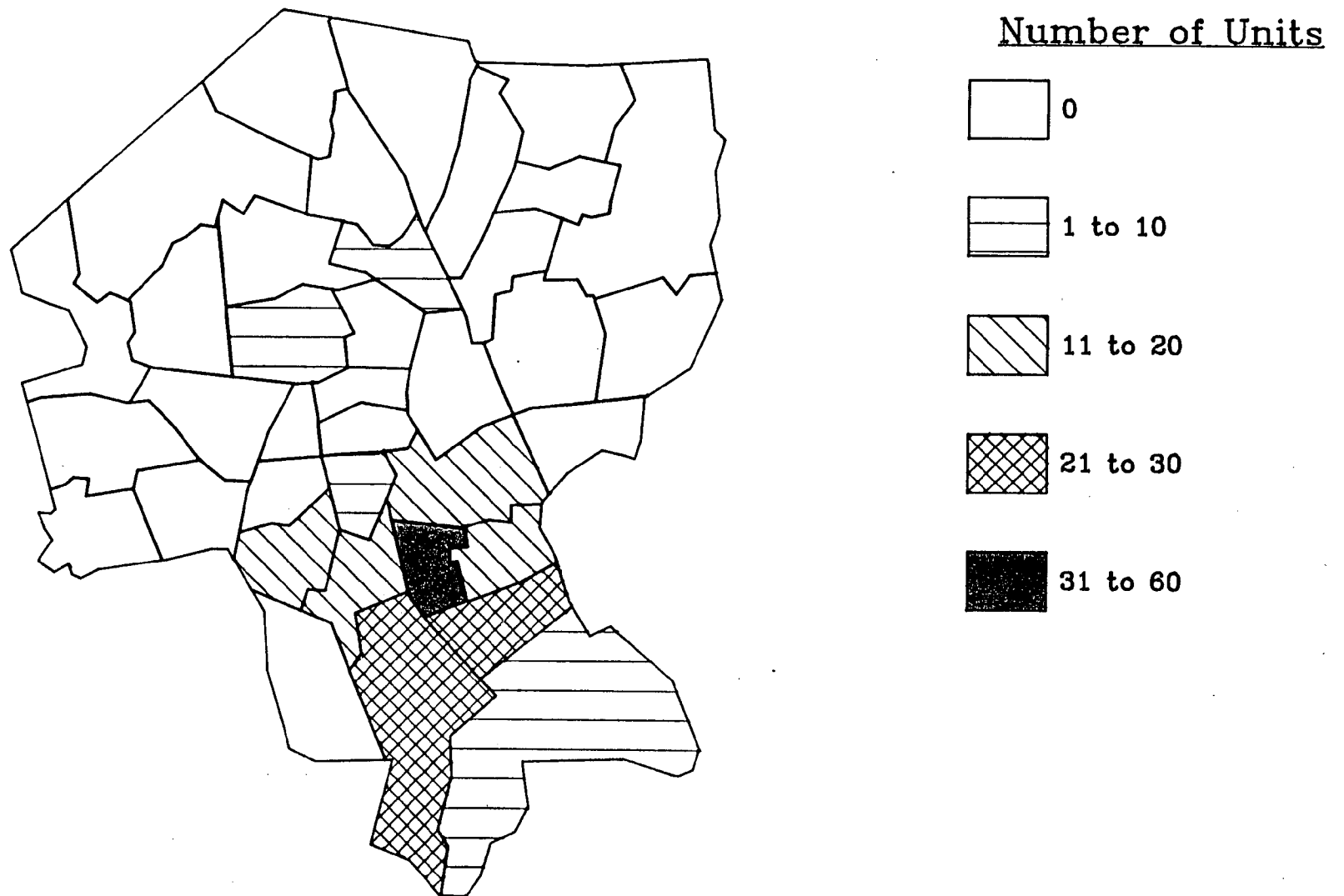


Figure 2
Proposed PHA Scattered Site Housing
Providence Census Tracts



scattered-site units have been concentrated in South Providence neighborhoods because of the high cost of land in other city neighborhoods which would bring the total development cost above the \$85,000 per unit limit imposed by HUD. If these proposed sites are developed, the distribution of publicly assisted housing will become even more concentrated in South Providence neighborhoods (compare Figures A-11 and A-12).

Fair Share Analysis--Rhode Island Cities and Towns. Assisted housing in Rhode Island is concentrated in Providence. According to the most recent available data, the City of Providence has more than one-fourth of the state's assisted housing but only 16 percent of the state's population (Table 3). Four cities-- Providence, Pawtucket, Woonsocket, and East Providence -- account for almost half (49 percent) of the state's assisted housing units although they represent only about one-third of the state's population (see Appendix Figure A-13). Nine communities do not have any assisted housing of any type (Table 4).

The shortage of assisted housing units in Rhode Island is most acute for families. Between 1980 and 1988, the state *lost* more 136 units of assisted family housing (Table 5). During this same period almost 4,300 units of assisted elderly housing were built. Although 30 of the 39 Rhode Island cities and towns had some assisted housing in 1988, eleven communities provided units solely for the elderly and in only four communities (Middletown, Narragansett, Newport, and North Kingstown) were there more assisted housing units for families than for the elderly.

The number of cities and towns with assisted housing increased from 27 to 30 between 1980 and 1988. Four communities (Jamestown, Cumberland, North Smithfield, and South Kingstown) experienced a net reduction in the number of assisted housing units during this same period.³⁵ Three communities (Scituate, Hopkinton, and Tiverton) added assisted housing units where none had been previously available.

Clearly, these data show that only a few Rhode Island communities have taken the initiative to provide assisted housing. Although some may argue that cutbacks in federal housing production programs have made it next to impossible for communities to provide such assistance, recent experience suggests that lack of assisted housing in many communities is due more to a lack of will than a lack of resources. As noted below in our discussion of state programs, Rhode Island Housing recently made \$7.5 million in rehabilitation loan funds available to Rhode Island cities and towns to encourage rehabilitation of units for low- and moderate-income families. As of June 1988, 16 communities had not funded one project under that program (Table 6).

Community Development Block Grants

The Community Development Block Grant program was created in 1974 when several HUD categorical grant programs (most notably urban renewal and model cities) were merged into a block grant program. Under the CDBG program, entitlement cities such as Providence receive an annual formula allocation based on factors such as growth lag (population growth less than the national average), number of persons with incomes below the poverty level, and number of housing units built before 1940.³⁶ One of the most attractive features of the block grant program to local officials is the control it gives them over

³⁵ Seven communities experienced declines in the number of assisted housing units for families: West Warwick, Newport, East Providence, Johnston, North Providence, Providence, and South Kingstown.

³⁶ Allocations are based on a dual formula system with entitlement communities receiving the larger of two allocations. Formula A allocates funds based on population (weighted .25), poverty (.50), and overcrowded housing (.25); Formula B allocates funds based on growth lag (.20), poverty (.30), and pre-1940 housing units (.50).

Table 3. Percentage Shares of Population, Poverty, and Assisted Housing for Rhode Island Cities and Towns.

Community	1986 Popul- ation	1986 Popul- ation	1980 Poverty Persons	Public Housing	Sec. 8 Housing	Sec. 8 Existing/ Vouchers	Total Assisted Housing	Difference in Shares	
								Assisted Housing - Population	Poverty
BRISTOL COUNTY									
Barrington	16,110	1.7	0.6	0.0	0.0	0.0	0.0	-1.7	-0.6
Bristol	20,280	2.1	1.5	2.2	0.0	2.6	1.3	-0.8	-0.2
Warren	11,280	1.2	0.9	1.1	0.1	3.2	1.1	-0.1	0.2
KENT COUNTY									
Coventry	30,170	3.1	1.6	1.4	1.3	3.4	1.7	-1.4	0.1
East Greenwich	10,550	1.1	0.4	0.0	1.2	3.8	1.3	0.2	0.8
Warwick	86,960	8.9	6.1	5.1	9.0	6.1	7.0	-1.9	1.0
West Greenwich	3,220	0.3	0.3	0.0	0.0	0.0	0.0	-0.3	-0.3
West Warwick	28,570	2.9	3.0	2.5	4.4	1.1	3.1	0.2	0.1
NEWPORT COUNTY									
Jamestown	4,730	0.5	0.3	0.3	0.0	0.0	0.1	-0.4	-0.2
Little Compton	3,310	0.3	0.1	0.0	0.0	0.0	0.0	-0.3	-0.1
Middletown	17,790	1.8	1.3	0.0	0.1	0.0	0.0	-1.8	-1.2
Newport	29,320	3.0	4.6	10.9	1.8	0.0	4.7	1.7	0.2
Portsmouth	15,450	1.6	0.8	0.4	0.6	1.3	0.6	-1.0	-0.2
Tiverton	14,240	1.5	1.1	0.4	0.0	0.7	0.3	-1.2	-0.8
PROVIDENCE COUNTY									
Burrville	15,650	1.6	0.9	0.7	0.9	0.9	0.8	-0.8	-0.1
Central Falls	17,030	1.7	3.2	3.2	4.3	4.8	4.0	2.3	0.8
Cranston	73,760	7.6	5.4	6.1	5.8	3.9	5.5	-2.0	0.2
Cumberland	26,930	2.8	1.3	1.7	3.1	1.9	2.4	-0.4	1.0
East Providence	50,440	5.2	3.8	4.4	9.1	2.9	6.2	1.0	2.4
Foster	3,850	0.4	0.3	0.0	0.0	0.0	0.0	-0.4	-0.3
Glocester	9,200	0.9	0.7	0.0	0.0	0.0	0.0	-0.9	-0.7
Johnston	25,890	2.7	1.5	1.4	3.8	2.1	2.6	-0.1	1.1
Lincoln	17,520	1.8	1.0	2.5	1.0	1.9	1.7	-0.1	0.6
North Providence	29,030	3.0	2.2	1.7	5.1	1.5	3.2	0.2	1.0
North Smithfield	10,600	1.1	0.5	0.6	0.0	0.0	0.2	-0.9	-0.3
Pawtucket	72,640	7.5	8.8	11.3	5.9	9.0	8.4	1.0	-0.4
Providence	157,200	16.1	31.9	25.8	26.9	23.4	25.8	9.7	-6.0
Scituate	9,020	0.9	0.6	0.0	0.2	0.0	0.1	-0.8	-0.5
Smithfield	17,950	1.8	0.8	0.5	1.5	1.0	1.1	-0.8	0.3
Woonsocket	44,970	4.6	6.9	14.1	5.2	5.3	8.5	3.9	1.6
WASHINGTON COUNTY									
Charlestown	6,200	0.6	0.5	0.0	0.0	0.0	0.0	-0.6	-0.5
Exeter	4,640	0.5	0.3	0.0	0.0	0.0	0.0	-0.5	-0.3
Hopkinton	6,460	0.7	0.5	0.0	0.5	0.0	0.2	-0.5	-0.3
Narragansett	13,210	1.4	1.9	0.1	1.0	2.7	1.0	-0.3	-0.9
New Shoreham	760	0.1		0.0	0.0	0.0	0.0	-0.1	
North Kingstown	24,080	2.5	1.2	0.0	3.5	0.0	1.6	-0.9	0.4
Richmond	5,110	0.5	0.2	0.0	0.0	0.0	0.0	-0.5	-0.2
South Kingstown	21,220	2.2	1.6	0.4	1.7	1.5	1.2	-1.0	-0.4
Westerly	19,600	2.0	1.3	1.1	2.1	3.1	1.9	-0.1	0.6

Table 4. Number of Assisted Housing Units in Rhode Island Cities and Towns by Type, 1988.

Community	Number of Persons 1986	Number of Housing Units 1980	Public Housing Units 1988	Sec. 8 Housing Units 1988	Sec. 8 Existing/ Vouchers 1988	Total Assisted Housing Units 1988	Percent Assisted Units
BRISTOL COUNTY							
Barrington	16,110	5,399	0	0	0	0	0.0
Bristol	20,280	6,823	220	0	137	357	5.2
Warren	11,280	4,151	115	17	169	301	7.3
KENT COUNTY							
Coventry	30,170	9,492	147	157	178	482	5.1
East Greenwich	10,550	3,615	0	155	198	353	9.8
Warwick	86,960	32,450	519	1,130	334	1,983	6.1
West Greenwich	3,220	1,008	0	0	0	0	0.0
West Warwick	28,570	10,448	251	551	60	862	8.3
NEWPORT COUNTY							
Jamestown	4,730	2,052	35	0	0	35	1.7
Little Compton	3,310	1,694	0	0	0	0	0.0
Middletown	17,790	6,483	0	10	0	10	0.2
Newport	29,320	11,886	1,106	222	0	1,328	11.2
Portsmouth	15,450	5,773	40	70	66	176	3.0
Tiverton	14,240	5,010	45	0	35	80	1.6
PROVIDENCE COUNTY							
Burrville	15,650	4,602	76	113	45	234	5.1
Central Falls	17,030	7,446	329	538	255	1,122	15.1
Cranston	73,760	27,280	620	727	203	1,550	5.7
Cumberland	26,930	9,152	176	388	101	665	7.3
East Providence	50,440	19,402	450	1,138	150	1,738	9.0
Foster	3,850	1,132	0	0	0	0	0.0
Glocester	9,200	2,829	0	0	0	0	0.0
Johnston	25,890	8,758	142	474	110	726	8.3
Lincoln	17,520	6,348	252	120	98	470	7.4
North Providence	29,030	11,343	176	642	79	897	7.9
North Smithfield	10,600	3,526	60	0	0	60	1.7
Pawtucket	72,640	29,768	1,147	733	474	2,354	7.9
Providence	157,200	67,535	2,630	3,362	1,232	7,224	10.7
Scituate	9,020	2,897	0	24	0	24	0.8
Smithfield	17,950	5,117	50	194	53	297	5.8
Woonsocket	44,970	18,354	1,438	652	281	2,371	12.9
WASHINGTON COUNTY							
Charlestown	6,200	3,064	0	0	0	0	0.0
Exeter	4,640	1,390	0	0	0	0	0.0
Hopkinton	6,460	2,264	0	59	0	59	2.6
Narragansett	13,210	6,587	12	128	142	282	4.3
New Shoreham	760	1,009	0	0	0	0	0.0
North Kingstown	24,080	8,813	0	437	0	437	5.0
Richmond	5,110	1,384	0	0	0	0	0.0
South Kingstown	21,220	8,138	39	214	80	333	4.1
Westerly	19,600	8,250	110	265	162	537	6.5

Table 6. Home Repair Program Experience in Rhode Island Cities and Towns.

Community	Number of Persons 1986	Number of Housing Units 1980	Total Assisted Housing Units 1988	Percent Assisted Units*	RIHMFC Home Repair Program	
					Allocation (\$000)	Percent Committed
BRISTOL COUNTY						
Barrington	16,110	5,399	0	0.0	93	0
Bristol	20,280	6,823	357	5.2	178	0
Warren	11,280	4,151	301	7.3	135	0
KENT COUNTY						
Coventry	30,170	9,492	482	5.1	155	0
East Greenwich	10,550	3,615	353	9.8	92	10
Warwick	86,960	32,450	1,971	6.1	346	10
West Greenwich	3,220	1,008	0	0.0	--	--
West Warwick	28,570	10,448	862	8.3	196	0
NEWPORT COUNTY						
Jamestown	4,730	2,052	35	1.7	97	30
Little Compton	3,310	1,694	0	0.0	--	--
Middletown	17,790	6,483	10	0.2	174	14
Newport	29,320	11,886	1,328	11.2	140	23
Portsmouth	15,450	5,773	176	3.0	105	0
Tiverton	14,240	5,010	80	1.6	111	0
PROVIDENCE COUNTY						
Burrillville	15,650	4,602	234	5.1	122	27
Central Falls	17,030	7,446	1,122	15.1	303	30
Cranston	73,760	27,280	1,550	5.7	345	46
Cumberland	26,930	9,152	665	7.3	164	0
East Providence	50,440	19,402	1,738	9.0	302	8
Foster	3,850	1,132	0	0.0	75	52
Glocester	9,200	2,829	0	0.0	96	33
Johnston	25,890	8,758	726	8.3	140	59
Lincoln	17,520	6,348	470	7.4	147	4
North Providence	29,030	11,343	897	7.9	170	36
North Smithfield	10,600	3,526	60	1.7	94	0
Pawtucket	72,640	29,768	2,354	7.9	658	0
Providence	157,200	67,535	7,224	10.7	1,573	51
Scituate	9,020	2,897	24	0.8	85	34
Smithfield	17,950	5,117	297	5.8	103	0
Woonsocket	44,970	18,354	2,371	12.9	537	9
WASHINGTON COUNTY						
Charlestown	6,200	3,064	0	0.0	79	0
Exeter	4,640	1,390	0	0.0	--	--
Hopkinton	6,460	2,264	59	2.6	98	0
Narragansett	13,210	6,587	282	4.3	108	0
New Shoreham	760		0		55	0
North Kingstown	24,080	8,813	437	5.0	125	19
Richmond	5,110	1,384	0	0.0	--	--
South Kingstown	21,220	8,138	333	4.1	142	7
Westerly	19,600	8,250	537	6.5	164	0

* Includes Public Housing, Section 8 New Construction, and Section 8 Substantial Rehabilitation

the use of CDBG funds as local officials may fund a variety of activities including housing rehabilitation, public improvements and facilities, public services, and economic development.

While CDBG was part of a broader attempt at reforming federal-local relations, Congress was especially concerned about maintaining a federal role in housing and community development policy out of the fear that if left to their own, local politics would interfere with the pursuit of federal policy objectives. Although CDBG had many similarities to general revenue sharing (for example, annual entitlements, formula allocations, local discretion in the use of funds), Congress sought to ensure that CDBG was distinctive from general revenue sharing by attaching substantive goals and objectives that defined CDBG as a housing and community development program as opposed to general fiscal assistance.

Over the course of the program, debate has focused most sharply on what has come to be known as the three national objectives-- maximum feasible priority to activities that will (1) benefit low- or moderate-income families, (2) aid in the elimination of slums or blight, or (3) meet a community development need of a particular urgency. Interpretation of the program's national objectives has been the source of many battles between Congress and the Executive throughout the course of the CDBG program. Each of the three presidential administrations that have presided over the program have had different interpretations of the program, which prompted numerous legislative and administrative changes as each administration sought to tailor the program more closely to its own perspective.

In response to this shift from categorical to block grants at the national level, many cities used the CDBG experience as an opportunity to reorganize their planning, administration, and management responsibilities for housing and community development. Prior to CDBG, many of these responsibilities resided with more specialist oriented agencies such as housing and/or urban redevelopment authorities. According to one national study of the CDBG experience, many communities have created new departments or agencies with responsibilities for housing and community development that largely supplanted the roles performed earlier by model cities and urban renewal agencies.³⁷

Over the course of the program, housing rehabilitation and related neighborhood improvements have emerged as the single largest use of block grant funds by recipient communities. According to the Brookings Institution's Field Network Evaluation Study of the CDBG program, by the program's fourth year housing and neighborhood conservation was the dominant strategy as more than one-half of block grant funds were allocated for these types of activities.³⁸ Recent HUD reports on the use of CDBG funds point out that these trends have continued in the 1980s with allocations for housing-related activities at an all time program high. In Fiscal Year 1987, HUD estimates that more than one-third (38 percent) of CDBG funds were used by entitlement cities for housing activities.³⁹ Housing rehabilitation and code enforcement accounted for most of the funds allocated by cities for housing programs.

As part of its ongoing study of Federal housing and community development programs the Taubman Center for Public Policy and American Institutions administered a mail survey during the Fall of 1987 to community development directors in all cities with populations of 100,000 or more. The purpose of the survey was to learn more about city housing and community development priorities and how local CDBG programs have fared during the Reagan budget cuts. We received responses from 125 of the 176 cities surveyed.

³⁷ Paul R. Dommel, Richard P. Nathan, Sarah F. Liebschutz, Margaret T. Wrightson and Associates, Decentralizing Community Development (Washington, D.C.: U.S. Department of Housing and Urban Development, June 1978).

³⁸ Paul R. Dommel, Victor E. Bach, Sarah F. Liebschutz, Leonard S. Rubinowitz, and Associates, Targeting Community Development (Washington, D.C.: U.S. Department of Housing and Urban Development, January 1980).

³⁹ U.S. Department of Housing and Urban Development, Consolidated Annual Report to Congress on Community Development Programs, 1988 (Washington, D.C.: Office of Community Planning and Development, March 1988), p.12.

As illustrated in Table 7, Providence allocated a much smaller share of its block grant funds for housing than did other communities of comparable size. Overall, the 81 cities included in our national sample⁴⁰ earmarked nearly half of their 1987 CDBG funds for housing programs; in Providence, less than one-fifth of the City's CDBG entitlement was used for housing activities. Figure 3 shows that during the 1980s Providence has consistently allocated a smaller share of CDBG funds for housing than the national average for entitlement cities.

The single largest use of CDBG funds in Providence is for public services, including funding for senior citizens, day care, youth, and special need programs. In 1987, the City allocated \$1.48 million of its \$5.89 million (25 percent) CDBG grant to fund a variety of public services.⁴¹ Nationally, entitlement cities allocated about 11 percent of their FY 1987 CDBG funds for public services.⁴² Table 8, which reports Providence CDBG allocations for Year 13 (1987-1988) and Year 14 (1988-1989)⁴³ shows that the share of funds allocated for the main components of Providence's CDBG program remain basically the same despite an overall funding cut of \$458,000. Although the share of funding devoted to housing increased slightly, the amount of funds allocated for housing assistance declined by \$43,000. Among the activities supported in the Year 14 program is an allocation of \$600,000 for the rehabilitation of fire stations, an expense that most cities cover with general revenues (or bonds) rather than scarce federal housing and community development funds.

Of the CDBG funds the City does spend on housing assistance, only a small share actually results in direct assistance to low- and moderate-income households. Almost one-third of CDBG housing funds in Providence are used to pay for administrative expenses of city employees; another one-third is allocated to nonprofit organizations, only a few of which are actively involved in the rehabilitation or new construction of housing units.⁴⁴ About 40 percent (\$400,000) of the City's \$5.9 million Year 13 CDBG grant provided direct housing assistance, that is, loans and grants to rehabilitate housing.

A closer look at the City's CDBG-funded housing rehabilitation programs, however, reveals that very little structural rehabilitation is actually being financed with CDBG funds (Table 9). According to the City's Grantee Performance Report for Year 12 (1986-1987), the most recent available data, 539 of the 613 units rehabilitated with CDBG funds were assisted through the City's Elderly/Handicapped Paint program where the average amount of assistance per unit was about \$800 for multi-family properties and \$500 for single-family homes.⁴⁵ Clearly, while a program such as this may result in many households receiving assistance, it does not address the need to improve the overall condition of Providence's housing stock, of which almost two-thirds consists of units built before 1939.⁴⁶ Furthermore, Table 9 shows that

⁴⁰ Of the 125 cities responding to our survey, 81 included copies of their 1987 CDBG applications.

⁴¹ This required a special waiver from HUD since the 1983 legislative changes placed a cap of 15 percent on the amount of CDBG funds a community could allocate for public services.

⁴² U.S. Department of Housing and Urban Development, Consolidated Annual Report to Congress on Community Development Programs, 1988 (Washington: Office of Community Planning and Development, March 1988), p. 12.

⁴³ Providence's CDBG year is the same as the City's Fiscal Year, July 1 - June 30th.

⁴⁴ See pp. 56 to 60 for a discussion of nonprofit housing development organizations.

⁴⁵ Department of Planning and Development, "Low/Mod Benefit Worksheet," C.D.B.G. Grantee Performance Report, 1986-87 (Providence: August 31, 1987).

⁴⁶ According to the Bureau of the Census, between 1970 and 1980 Providence lost more than 10,000 units of pre-1940 housing. In addition to representing a loss of housing units, this loss also means Providence will continue to receive smaller CDBG allocations independent of national funding changes since its formula allocation is based on the number of pre-1940 housing

Table 7. Community Development Block Grant Allocations for Housing, 1987, for Providence and Selected Cities.

Dollar amounts in thousands

City	----- CDBG Program Allocations, 1987 -----						
	1984 Population	Total Dollars	Entitle- ment	Total Housing	Percent Housing	Total Housing Rehab.	Percent Housing Rehab.
PROVIDENCE, RI	154,148	5,899	5,899	1,088	18.4	774	13.1
NORTHEAST (n=11)							
Hartford, CT	135,720	4,437	3,917	1,270	28.6	778	17.5
Worcester, MA	159,843	4,429	4,429	1,239	28.0	827	18.7
Syracuse, NY	164,219	6,819	5,759	3,322	48.7	2,372	34.8
Albany, NY	99,451	4,787	3,523	2,206	46.1	1,971	41.2
Region Average					45.0		33.4
MIDWEST (n=18)							
Flint, MI	149,007	5,252	4,189	3,087	58.8	3,087	37.7
Akron, OH	226,877	6,480	6,480	3,736	57.7	2,793	43.1
Lincoln, NE	180,378	1,564	1,436	637	40.7	569	36.4
Kansas City, KS	160,468	2,365	1,968	786	33.2	651	27.5
Region Average					47.9		39.0
SOUTH (n=32)							
Greensboro, NC	159,314	2,240	1,640	1,481	66.1	763	34.1
Little Rock, AR	170,388	2,095	1,942	565	27.0	465	22.2
Raleigh, NC	169,331	1,931	1,517	1,140	59.0	534	27.7
Newport News, VA	154,560	1,724	1,590	1,010	58.6	600	34.8
Region Average					53.1		35.9
WEST (n=20)							
Tucson, AZ	365,422	4,474	4,474	1,675	37.4	1,375	30.7
Riverside, CA	182,245	1,903	1,903	648	34.1	648	30.1
Sacramento, CA	304,131	3,690	3,500	1,927	52.2	1,025	27.8
Spokane, WA	173,349	3,399	3,399	1,237	36.4	1,237	36.4
Region Average					40.5		31.0
TOTAL (n=81)					47.7		35.0

units. For instance, had Providence not lost any pre-1940 housing during the 1970s, its CDBG grants in the 1980s would have been about \$220,000 greater each year.

Figure 3
CDBG Allocations for Housing
1975 - 1988

Percent
of Total Grant

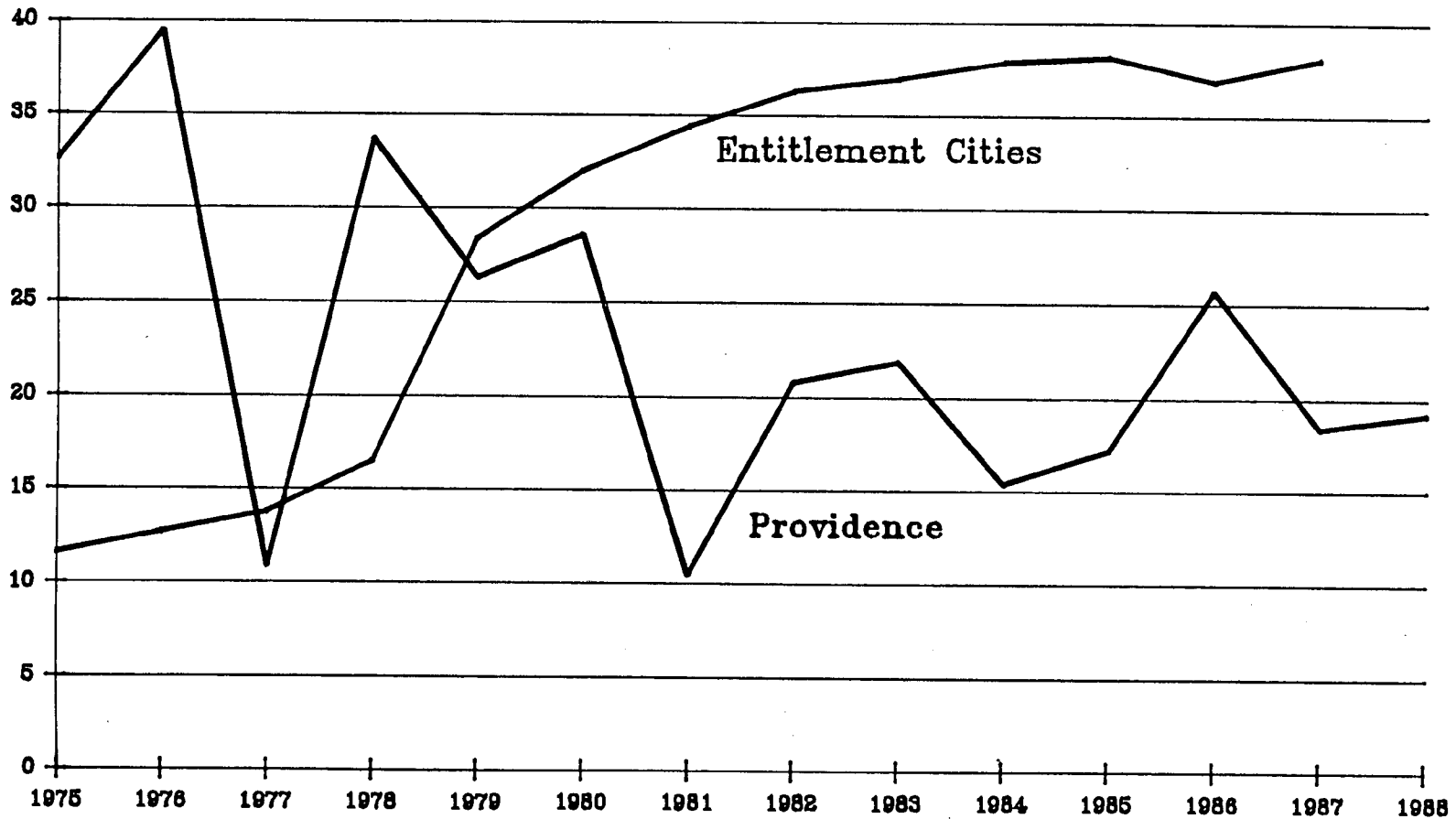


Table 8. City of Providence CDBG Allocations, Years 13 and 14.
Dollar amounts in thousands.

Activity	Year 13	Year 14	Net Change, Year 13-14	
	1987-88	1988-89	Dollars	Percent
HOUSING				
Housing Assistance	442	400	-42	-9.5
Nonprofit Housing Program	332	331	-1	-0.3
Housing Program Administration	314	314	0	0.0
Total	1088	1045	-43	-4.0
As percent of total grant	18.4	19.2		
SOCIAL SERVICES				
SOCIAL SERVICES	1480	1480	0	0.0
As percent of total grant	25.1	27.2		
PUBLIC FACILITIES & IMPROVEMENTS				
Community facilities	285	260	-25	-8.8
Fire equipment/station rehab.	211	600	389	184.4
Vacant Lot Program	100	75	-25	-25.0
Historic Preservation	60	0	-60	-100.0
Neighborhood Renewal	300	50	-250	-83.3
Parks and Open Spaces	249	0	-249	-100.0
Total	1205	985	-220	-18.3
As percent of total grant	20.4	18.1		
ECONOMIC DEVELOPMENT				
Direct Assistance	600	500	-100	-16.7
Program Costs	300	300	0	0.0
Total	900	800	-100	-11.1
As percent of total grant	15.3	14.7		
ADMINISTRATION				
ADMINISTRATION	1176	1088	-88	-7.5
As percent of total grant	19.9	20.0		
TOTAL*	5899	5441	-458	-7.8

* Includes contingencies of \$50,000 for Year 13 and \$43,400 for Year 14.

Table 9. City of Providence, Direct CDBG Expenditures for the Acquisition, Construction or Rehabilitation of Property for Housing.

Dollar amounts in thousands.

Program	Total Number of Units	No. Units Occupied by Low-Income Households	Percent Occupied by Low-Income Households	CDBG Expenditures Year 12 1986-1987 (\$000)	CDBG Dollars Per Unit
Elderly/Handicapped Paint Program Multi-Family Structures	440	440	100	350.9	798
Elderly/Handicapped Paint Program Single Family Structures	99	99	100	48.3	488
Providence Preservation Society Historic Building Program	23	9	39.1	90.0	10,000
Neighborhood Organizations SWAP and Elmwood NHS	36	36	100	63.3	1,758
Home Improvement Program	3	3	100	9.2	3,067
Emergency Repair Program	10	10	100	9.2	920
Neighborhood Impact Program	2	2	100	15.2	7,600
TOTAL	613	599	97.7	586.1	978

under the City's most extensive CDBG housing rehabilitation program, the Historic Building Program, administered by the nonprofit Providence Preservation Society, less than one-half of the households assisted are low-income households. Under this program, which has been most active in the City's Armory District, CDBG funds averaged \$10,000 per unit.

Despite the enormous diversity in the uses of CDBG funds in entitlement communities across the country, one theme that characterizes many local programs is an emphasis on leveraging private investment and generating program income. According to CDBG regulations, income generated from block grant activities may be retained by the community and used for additional housing and community development activities eligible under Title I of the Housing and Community Development Act, as amended. One of the most common means for generating program income has been the use of CDBG funds to capitalize revolving loan funds for housing rehabilitation and/or economic development activities. As the recipients of these loans begin principal and interest repayments, program income is generated that can be used by the City to meet eligible activities. Other sources of program income include proceeds from land sales, rental income, and fees for services.

The importance of generating program income with block grant funds has become even more critical during the 1980s when federal funds have been declining. Many communities have been able to

use program income to counter the effects of CDBG entitlement reductions and keep their programs' operating with a stable base. A few communities have even been able to increase the amount of resources available for housing and community development activities. As shown in Table 10, several cities generated program income in 1987 that was equivalent to one-fourth or more of their CDBG entitlement. Providence, on the other hand, reported no program income as part of its Year 13 CDBG program. However, the City's Grantee Performance Report for Year 12 (1986-1987) lists \$3.3 million in program income, of which most is accounted for by the proceeds from a \$3.0 million UDAG loan for Cityplace, a project that was denied funding by HUD. The GPR also reports \$137,187 in proceeds from the Home Improvement Loan program. However, the uses to which these funds were to be applied were not identified in the City's Year 13 CDBG Statement of Objectives and Projected Use of Funds. The GPR also notes that the City did not generate any revolving fund program income during Year 12.

Summary

In comparison to other entitlement cities, Providence has chosen to allocate a smaller share of its block grant funds for housing than other communities. Despite the severity of housing needs the City faces, few block grant funds are being used for housing, and the housing programs that are underway are not achieving the impact of comparable programs in other cities. Moreover, Providence's major CDBG-funded rehabilitation program, the Elderly and Handicapped Paint Program, is financing rehabilitation costs of less than \$1,000 per unit, a sum too small to finance major structural repairs to an aging housing stock. Most importantly, the City is not generating any program income that can be rechanneled into additional housing activities.

Urban Development Action Grants

The Urban Development Action Grant program was created in 1977. Although predominantly used as an economic development program, cities have included housing components in many action grant projects, and in several cities, UDAGs have been awarded strictly for housing in keeping with the program's objective of providing balanced funding for commercial, industrial, and residential projects. One of the more interesting features of the UDAG program has been its transformation from a grant program to a loan program as cities have instituted creative financing instruments for assisting developers with their projects that result in a fiscal return for the city. These payments of principal, interest, and in some instances shares of project profits, are retained by the recipient cities for use in additional housing and community development projects.⁴⁷

⁴⁷ For further discussion see Susan E. Clarke and Michael J. Rich, "Making Money Work: The New Urban Policy Arena," in Terry N. Clark, ed., Research in Urban Policy, Vol. 1 (Greenwich, CT: JAI Press, 1985).

Table 10. CDBG Program Income, 1987, for Providence and Selected Cities.
Dollar amounts in thousands.

City	1984 Popul- ation	CDBG Percent Housing	CDBG Program Income	CDBG Entitle- ment	Total CDBG Funds	Program Income As a Percent of	
						Entitle- ment	Total Funds
Providence, RI	154,148	18.4	0	5,899	5,899	0.0	0.0
Portsmouth, VA	107,961	62.4	1,574	1,440	3,264	109.3	48.2
Portland, OR	365,861	48.0	4,145	7,892	12,036	52.5	34.4
Huntsville, AL	149,527	76.1	598	1,521	2,119	39.3	28.2
Baltimore, MD	763,570	36.0	10,000	23,046	35,546	43.4	28.1
Columbus, OH	566,114	59.4	1,960	5,125	7,083	38.2	27.7
Greensboro, NC	159,314	66.1	600	1,640	2,240	36.6	26.8
Albany, NY	99,451	46.1	1,175	3,523	4,787	33.4	24.5
Tulsa, OK	374,535	30.9	935	3,352	4,286	27.9	21.8
Raleigh, NC	169,331	59.0	414	1,517	1,931	27.3	21.4
Mesa, AZ	195,248	35.4	400	1,533	1,933	26.1	20.7
Kansas City, MO	443,075	54.5	1,815	8,820	8,821	20.6	20.6
Flint, MI	149,007	58.8	1,063	4,189	5,252	25.4	20.2
Pasadena, CA	125,021	30.4	504	1,792	2,820	28.1	17.9
Omaha, NE	334,016	83.7	850	4,000	4,850	21.3	17.5
New York, NY	7,164,742	76.7	38,844	178,614	229,273	21.7	16.9
Modesto, CA	122,234	55.2	400	1,094	2,494	36.6	16.0
Grand Rapids, MI	183,000	64.6	622	3,378	4,000	18.4	15.6
Oxnard, CA	121,154	11.2	364	1,889	2,365	19.3	15.4
Topeka, KS	118,945	36.5	261	1,715	1,766	15.2	14.8
Charlotte, NC	330,838	68.8	900	3,472	6,172	25.9	14.6
St. Paul, MN	265,903	53.7	1,150	6,791	7,941	16.9	14.5
Denver, CO	504,588	22.2	1,300	7,826	9,127	16.6	14.2
Philadelphia, PA	1,646,713	57.5	10,103	52,276	73,025	19.3	13.8
Syracuse, NY	164,219	48.7	905	5,759	6,819	15.7	13.3
Savannah, GA	145,014	33.2	334	2,331	2,665	14.3	12.5
Mobile, AL	204,923	64.6	412	2,861	3,320	14.4	12.4
Beaumont, TX	123,356	51.0	191	1,512	1,711	12.6	11.2
Memphis, TN	648,399	50.6	1,300	10,820	12,120	12.0	10.7

Overall, the UDAG program has awarded more than \$3.2 billion in federal funding to 331 metropolitan cities through Fiscal Year 1987. About 40 percent of the applications submitted to HUD have been approved for funding, and of those, about one in four UDAGs involved either the new construction or rehabilitation of housing units. The 390 projects that involve some type of housing production have produced nearly 83,000 units of housing, of which about 40 percent serve low- and moderate-income households. Of course, these are national totals and the experiences of individual cities vary enormously.

Table 11 reports statistics on Providence's experience with the UDAG program and of other comparable cities through the end of Fiscal Year 1987. Providence has not fared as well as other comparably sized cities in its quest for UDAG funds nor have city officials chosen to use the UDAG program as an instrument for housing development to the same extent as many other cities. For instance, Seattle has produced more than 1,100 units of low-income housing through five UDAGs totaling almost \$13.0 million. In Hartford, nearly 1,400 units of low-income housing have been created with seven UDAG grants totaling \$29.2 million. New Haven, Albany, and El Paso have also produced substantial numbers of low-income housing through the UDAG program.

Overall, Providence has received funding for five of the 17 UDAG applications it has submitted to HUD, an acceptance rate of 29 percent which is well below the national average of 41 percent. The five grants the City has received and a brief description of each are listed below:

Urban Homesteading. In 1981, the City received \$395,000 to establish a homesteading program for the rehabilitation of abandoned properties in the South Providence, Elmwood, West End, and Mount Hope neighborhoods. The program was administered by a nonprofit housing organization, Stop Wasting Abandoned Property (S.W.A.P.), which took primary responsibility for identifying available properties, loan packaging, and monitoring the quality of work performed. Much of the rehabilitation work was in the form of "sweat equity" by the homesteaders. About one-third (26) of the 86 units assisted under this program aided low- and moderate-income persons.

Fleet Bank Building. In 1982, Providence received an action grant of \$7.0 million to assist in the construction of the Fleet Bank office tower and a parking garage in downtown Providence. The City used the UDAG funds to make a loan to the developer. Two years ago, the City and the Rhode Island Housing and Mortgage Finance Corporation entered into an agreement in which Rhode Island Housing would purchase the UDAG loan for the portion financing the parking garage from the City at face value and in addition would dedicate the repayments to a special Providence Housing Fund to be used to aid in the construction and rehabilitation of housing for low- and moderate income persons in the City of Providence. However, the details of the exchange have yet to be worked out since Rhode Island Housing and the City have a difference of opinion concerning the terms of the original loan between the City and Fleet. While on paper this financing arrangement appears to be one of the more innovative local responses to federal funding cutbacks, none of these funds have yet to be used to finance the construction or rehabilitation of any housing units.

Richmond Square. In 1983, Providence received a grant of \$1.2 million to develop the Richmond Square business incubator facility in the Wayland neighborhood. Despite a relatively slow start, the facility is booming and is presently undergoing expansion.

Table 11. Housing Production With Urban Development Action Grants, 1978-1987, for Providence and Selected Cities.

City	1984 Population	Number of Applic- ations	Number Funded	Percent Funded	Number With Housing	Percent With Housing	UDAG Dollars (\$Mil.)	Total Housing Units	Low- Income Housing Units	Percent Low- Income Housing
PROVIDENCE, RI	154,148	17	5	29.4	1	20.0	18.8	85	26	30.6
NORTHEAST										
Hartford, CT	135,720	16	11	68.8	7	63.6	29.2	1,630	1,379	84.6
Springfield, MA	150,454	26	12	46.2	6	50.0	31.6	577	105	18.2
New Haven, CT	124,188	12	7	58.3	5	71.4	40.6	1,351	407	30.1
Syracuse, NY	164,219	26	13	50.0	2	15.4	20.3	126	16	12.7
Albany, NY	99,451	36	21	58.3	5	23.8	21.9	488	277	56.8
Region Totals		1,399	637	45.5	155	24.3	1287.0	30,744	14,807	48.2
MIDWEST										
Flint, MI	149,007	17	10	58.8	1	10.0	34.9	241	0	0.0
Akron, OH	226,877	19	13	68.4	5	38.5	32.0	534	156	29.2
Rockford, IL	136,531	13	3	23.1	2	66.7	0.5	111	100	90.1
Toledo, OH	343,939	23	11	47.8	2	18.2	48.2	228	93	40.8
Region Totals		1,084	427	39.4	100	23.4	1014.0	29,593	5,806	19.6
SOUTH										
Chattanooga, TN	164,400	10	7	70.0	3	42.9	21.0	191	23	12.0
Macon, GA	120,226	13	8	61.5	2	25.0	8.2	119	50	42.0
El Paso, TX	463,809	12	4	33.3	1	25.0	8.9	474	474	100.0
Gadsen, AL	46,708	4	4	100.0	3	75.0	2.3	218	190	87.2
Savannah, GA	145,014	9	2	22.2	1	50.0	2.5	246	170	69.1
Region Totals		962	333	34.6	113	33.9	677.9	12,124	4,377	36.1
WEST										
Pico Rivera, CA	56,290	6	1	16.7	1	100.0	0.1	75	75	100.0
Richmond, CA	76,126	4	1	25.0	1	100.0	7.4	350	0	0.0
Seattle, WA	488,474	27	10	37.0	5	50.0	12.7	1,342	1,164	86.7
Spokane, WA	173,349	13	1	7.7	1	100.0	0.4	100	20	20.0
Region Totals		231	107	46.3	22	20.6	247.9	10,477	7,547	72.0
TOTAL		3,676	1,504	40.9	390	25.9	3226.8	82,938	32,537	39.2

Biltmore Hotel. Providence received a \$1.4 million grant in 1985 to assist in the restoration and revitalization of the Biltmore Hotel.

The Foundry. In 1987, Providence received approval for an action grant of \$8.8 million to provide partial financing for the first phase of the construction, rehabilitation, and conversion of the old Brown and Sharp manufacturing facility into a mixed-use development containing offices, hotels, and a festival marketplace. The UDAG funds are being used to construct a parking garage to accommodate 1,125 automobiles.

Summary

With the exception of the urban homesteading project administered by SWAP, the City has not used the UDAG program as a housing resource. Indeed, only one of the City's five funded UDAGs and only one (Weybosset Gateway Project) of the City's 12 rejected applications included the development of any housing. While we acknowledge that the UDAG program is not a housing program, we do point out that many cities have included housing development as a component of their UDAG projects, and in several cities UDAG grants have been received for projects that exclusively developed housing. Since Congress declined to continue funding for the UDAG program in FY 1989, the City's opportunity to use the UDAG program as a housing resource is now limited to the City's use of UDAG repayment funds from previous grants awarded to Providence. Many cities have channeled their UDAG repayment dollars into special housing funds. We believe Providence can and should follow this path.

Housing Development Action Grants

The Housing and Urban-Rural Recovery Act of 1983 resulted in the creation of two new housing assistance programs, Housing Development Grants (HODAG) and Rental Rehabilitation Grants. Under the HODAG program, modelled after the UDAG program in many respects, funds are awarded for specific projects based on a national competition among eligible communities. Participation is limited to those communities that meet the program's needs-based eligibility requirements.⁴⁸ About \$500 million has been awarded over the period FY 1984 - FY 1987. This program will terminate at the end of the current fiscal year.

The HODAG program is designed to stimulate new construction and substantial rehabilitation of rental housing units in communities which face severe housing shortages. Grantees may use the funds to provide a variety of different types of financial assistance to project owners including grants, loans, and interest reduction payments. In return, project owners must agree to set aside at least 20 percent of the units for occupancy by lower-income persons for a twenty-year period. The owners must also agree not to convert the units to condominiums during this twenty-year period. In addition, the statute requires that rents on units reserved for low income households be limited to 30 percent of adjusted income and that subsequent rent increases must be approved by the grantees.⁴⁹

⁴⁸ The regulations specify the following factors to be used in determining a community's eligibility to participate in the program: extent of poverty, extent of occupancy of physically inadequate housing by low-income households, extent of housing overcrowding among lower income families, and level and duration of rental vacancies. U.S. Department of Housing and Urban Development, Office of the Secretary, "Housing Development Grant Program," Federal Register, Pt. III, (14 June 1984): 24635.

⁴⁹ U.S. Department of Housing and Urban Development, Housing Development Grant Program, Application Packet, June 1984.

Funding for projects is approved by HUD's Headquarters office and is based upon the merits of the project proposal as measured by various criteria that assess the community's responsiveness to its assisted housing needs. Priority consideration is given to those projects that provide more than 20 percent of the units for low income households in areas with exceptionally long assisted housing waiting lists and where Section 8 certificate holders have a difficult time in finding suitable housing.

Table 12 reports statistics on housing production under the HODAG program through the end of FY 1987 for Providence and selected cities. Overall, the program awarded \$462 million in assistance for 234 projects in 155 communities during this period. Slightly more than one in four (29 percent) of the 22,721 units produced through this program will assist low- and moderate-income persons. Providence has received \$3.0 million in HODAG funds for two projects totaling 123 units, of which 26 have been set aside for low- and moderate-income persons. A brief description of each of the City's HODAG projects follows:

Renaissance Apartments. In October 1984, Providence received a \$1.9 million HODAG grant to assist in the development of an 80-unit project located in the Federal Hill neighborhood. Sixteen of the units (20 percent) are earmarked for low income households.

Indian Village. In September 1986, Providence received funding approval for \$1.1 million to assist in the construction of a 36-unit apartment project. Twelve units are to be reserved for occupancy by lower income households. Additional financing for the project was provided by the Rhode Island Housing and Mortgage Finance Corporation (\$2.4 million), the City of Providence, and private funds. This project is owned and managed by the Indian Village Housing Development, a joint venture between the Rhode Island Indian Council and Women's Development Corporation, both nonprofit organizations.

Rental Rehabilitation Grants

The Rental Rehabilitation program was also authorized by the Housing and Urban-Rural Recovery Act of 1983.⁵⁰ The program's purposes are twofold: (1) to increase the supply of private market low-income rental housing and (2) to provide rental assistance to lower income households to help make these units affordable to them. One of the most unique aspects of this program is its use of a split subsidy: a construction subsidy to the property owner to assist in the rehabilitation of the units and a rental assistance subsidy to the tenants.

State and local governments have substantial flexibility in designing their own rental rehabilitation programs within the broader parameters of the national program's objectives. Eligible communities receive an annual allocation awarded on a formula basis which they can use to help finance the rehabilitation of privately-owned rental properties.⁵¹ Recipient communities also receive Section 8

⁵⁰ In August 1981, HUD initiated a rental rehabilitation demonstration program. Each participating community used its CDBG funds to finance the rehabilitation of rental properties and to cover the administrative costs of the program; HUD made available a special allocation of Section 8 Existing Housing Certificates to demonstration communities to assist low income households in either remaining in the rehabilitated unit or in moving to a standard vacant unit renting at or below the area Fair Market Rent. Twenty-three communities participated in the first round of the demonstration and an additional 185 communities and 14 states joined the demonstration program a year later. For a comparative assessment of the rental rehabilitation demonstration program with other rental rehabilitation programs (CDBG-funded, Section 8, Section 312) see U.S. Department of Housing and Urban Development, Rehabilitating Rental Housing: The Benefits and Costs of Alternative Approaches (Washington, D.C.: Office of Policy Development and Research, December 1984).

⁵¹ Funds are awarded annually to cities with populations of 50,000 or more, to urban counties, to eligible local consortia, and to States on the basis of a formula that includes the following three indicators: (1) renter-occupied units with income at or

Table 12. Housing Production With Housing Development Action Grants, 1984-1987, for Providence and Selected Cities.

City	1984 Population	Number of Grants	Dollars (\$000)	Total Units	Assisted Units	Percent Assisted Units
PROVIDENCE, RI	154,148	2	3,053	123	26	21.1
NORTHEAST						
Hartford, CT	135,720	1	4,000	214	43	20.1
Holyoke, MA	43,090	4	2,286	135	59	43.7
New Bedford, MA	97,738	2	3,328	157	48	30.6
New Haven, CT	124,188	1	2,100	84	25	29.8
Springfield, MA	150,454	1	1,065	20	6	30.0
Manchester, NH	94,937	2	7,117	244	98	40.2
Albany, NY	99,451	2	4,748	248	52	21.0
Region Totals		79	188,470	7340	1875	25.5
MIDWEST						
Flint, MI	149,007	1	1,322	91	23	25.3
Des Moines, IA	190,832	1	3,500	142	43	30.3
Joliet, IL	76,488	2	2,902	136	29	21.3
Kalamazoo, MI	77,226	1	3,219	150	60	40.0
Region Totals		51	104,027	5,359	1,422	26.5
SOUTH						
Jackson, MS	208,810	1	875	64	32	50.0
Hialeah, FL	152,248	1	2,843	192	39	20.3
West Palm Beach, FL	67,613	2	5,850	342	78	22.8
Savannah, GA	145,014	2	4,768	252	76	30.2
Region Totals		44	85,369	4,729	1,218	25.8
WEST						
Oakland, CA	351,898	9	11,318	541	343	63.4
Sacramento, CA	304,131	1	2,000	124	51	41.1
Salt Lake City, UT	164,844	1	5,934	360	120	33.3
Arvada, CO	89,844	1	5,317	299	120	40.1
Region Totals		60	84,073	5,293	2,059	38.9
TOTAL		234	461,939	22,721	6,574	28.9

below the poverty level; (2) renter-occupied units built before 1940 with household income at or below the poverty level; and (3) rental units with at least one of the following problems--overcrowding, high rent, incomplete kitchen facilities, or incomplete plumbing. See U.S. Department of Housing and Urban Development, Office of the Assistant Secretary for Community Planning and Development, "Rental Rehabilitation Program; Interim Rule," Federal Register 49 (April 20, 1984): p. 16940.

Existing Certificates and Housing Vouchers which may be awarded to eligible tenants who occupy units rehabilitated through the program. Rehabilitation subsidies are generally limited to 50 percent of the cost of rehabilitation and may not exceed \$5,000 per unit. Rental rehabilitation funds may only be used to finance essential improvements, repair major systems, or correct major code violations.

The rehabilitated units rent at market rates and restrictions on rents are prohibited. In order to assure lower income benefits from this program, recipients must use at least 70 percent of their Rental Rehabilitation grant funds on projects that will initially be occupied by lower income households. In addition, all funds must be spent in neighborhoods where the median income does not exceed 80 percent of the area median income and where rents are generally affordable to lower income residents and likely to remain affordable over the next five years. Almost \$450 million has been committed to specific projects representing about 125,000 rental units during the three years the Rental Rehabilitation program has been in operation. As of the end of FY 1987, almost 42,000 of these units have been completed. About one in five units assisted through this program have three or more bedrooms.⁵²

Since the program's inception in 1984, the City of Providence has received \$1.5 million in Rental Rehabilitation program funds. These funds have been used to leverage more than \$2.0 million in private funds and have rehabilitated approximately 450 apartments in 119 buildings. The City's rental rehabilitation grant program uses an interest-free deferred-payment loan as its subsidy mechanism.⁵³ The term of the loan is for ten years with 10 percent of the principal forgiven each year. At the end of the term the loan will be completely forgiven provided the owner has fulfilled the rental agreement. If the property should be sold prior to completion of the term, the City can request that the original owner immediately pay back the remaining principal balance or allow the new owner to assume the deferred loan with its attached rental conditions.⁵⁴

The Department of Planning Development has determined that eight neighborhood areas and portions of four others meet the federal requirements concerning neighborhood characteristics. These areas are: Elmwood, Federal Hill, Lower Mount Hope, Olneyville, Smith Hill, Upper South Providence, Lower South Providence, and the West End; portions of the Manton, Washington Park, Silver Lake, and Valley neighborhood areas also qualify for assistance under this program. Table 13 reports rental rehabilitation activity in these neighborhoods through June 1988. Figure 4 graphically displays the level of rental rehabilitation program investment in Providence's neighborhoods. As the data show, four neighborhoods (Elmwood, Federal Hill, West End, and Olneyville) account for most of the rental rehabilitation grant program activity. More than one in five units rehabilitated through this program are located in Elmwood.

⁵² These figures were obtained from the U.S. Department of Housing and Urban Development, Office of Urban Rehabilitation.

⁵³ Nationally, the financial subsidy of choice is deferred payment loans (DPLs) as nearly two-thirds of the projects completed through the end of FY 1986 used this type of subsidy. Grants to property owners (21 percent) and direct loans (11 percent) were the other types of subsidies used in rental rehabilitation projects. U.S. Department of Housing and Urban Development, Office of Community Planning and Development, Consolidated Annual Report to Congress on Community Development Programs, 1987 (Washington, D.C.: Office of Community Planning and Development, March 1987), p. 112.

⁵⁴ City of Providence, Department of Planning and Development, "Rental Rehabilitation Program," (Providence, RI: Neighborhood Development Division, May 1988).

Table 13. Rental Rehabilitation Grant Program Activity by Neighborhood, 1984 -1988*

Neighborhood	Number of Projects	Number of Units	Rental Rehab Dollars (\$000)	Rental Rehab Dollars Per Unit
Elmwood	25	101	351.9	3,484
Federal Hill	19	78	252.5	3,237
Lower South Providence	13	51	189.9	3,724
Manton	1	2	9.5	4,750
Mount Hope	13	41	161.3	3,934
Olneyville	19	67	219.1	3,270
Smith Hill	16	48	156.3	3,256
West End	13	62	251.9	4,063
Total	119	450	1,588.5	3,530

* FY 1988 activity thru June 1988.

Table 14 provides comparative data on FY 1988 Rental Rehabilitation program activity for several cities with grants comparable in size to Providence's. The data show that many cities, particularly Worcester, Hartford, and Kansas City, MO, have been able to generate substantially greater amounts of rehabilitation per unit than Providence. In Worcester and Kansas City, rehabilitation expenditures under the Rental Rehabilitation program average more than \$31,000 per unit and in Hartford expenditures per unit are more than \$21,000; in Providence expenditures per unit are less than \$6,400.

The ability to leverage funds from other public sources (for example, state funds and Community Development Block Grants) and from private sources account for the substantial differences in the amount of rental rehabilitation financed by these cities. In Worcester, a remarkable \$11.09 is leveraged for each rental rehabilitation dollar spent. Most of the additional funds come from private sources (about \$24,000 per unit) although almost \$8,000 per unit is from additional public sources. In Kansas City, each rental rehabilitation grant dollar leverages an additional \$7.93 and in Hartford an additional \$4.64. In Kansas City, rental rehabilitation grant funds are combined with \$1.8 million in CDBG funds to create a large pool of available public funds for rental rehabilitation. Hartford relies on state funding of about \$820,000 and a quasi-public corporation (South Capital Financial Properties) that pools capital from the city's banks and insurance companies. Both cities use direct loans as their subsidy mechanism to generate program income for additional rehabilitation in subsequent years. Providence, on the other hand, leverages only \$1.32 for each rental rehabilitation dollar, which is about one dollar less than the national average of \$2.36.

These differences are striking and highlight the diversity in local administration of federal programs. Moreover, these variations suggest that some communities have been able to use scarce federal resources to leverage funds from a variety of sources to finance substantial rehabilitation of their housing stock. Indeed, in Hartford, city officials discourage applicants seeking funding for minor repairs from using the rental rehabilitation program; instead, city officials direct them to their CDBG-funded rehabilitation program. Hartford, Worcester, Kansas City and other cities, in short, are doing more than Providence to preserve and upgrade their existing housing stock.

Figure 4
Rental Rehabilitation Grants, 1984–1988
Providence Neighborhood Areas

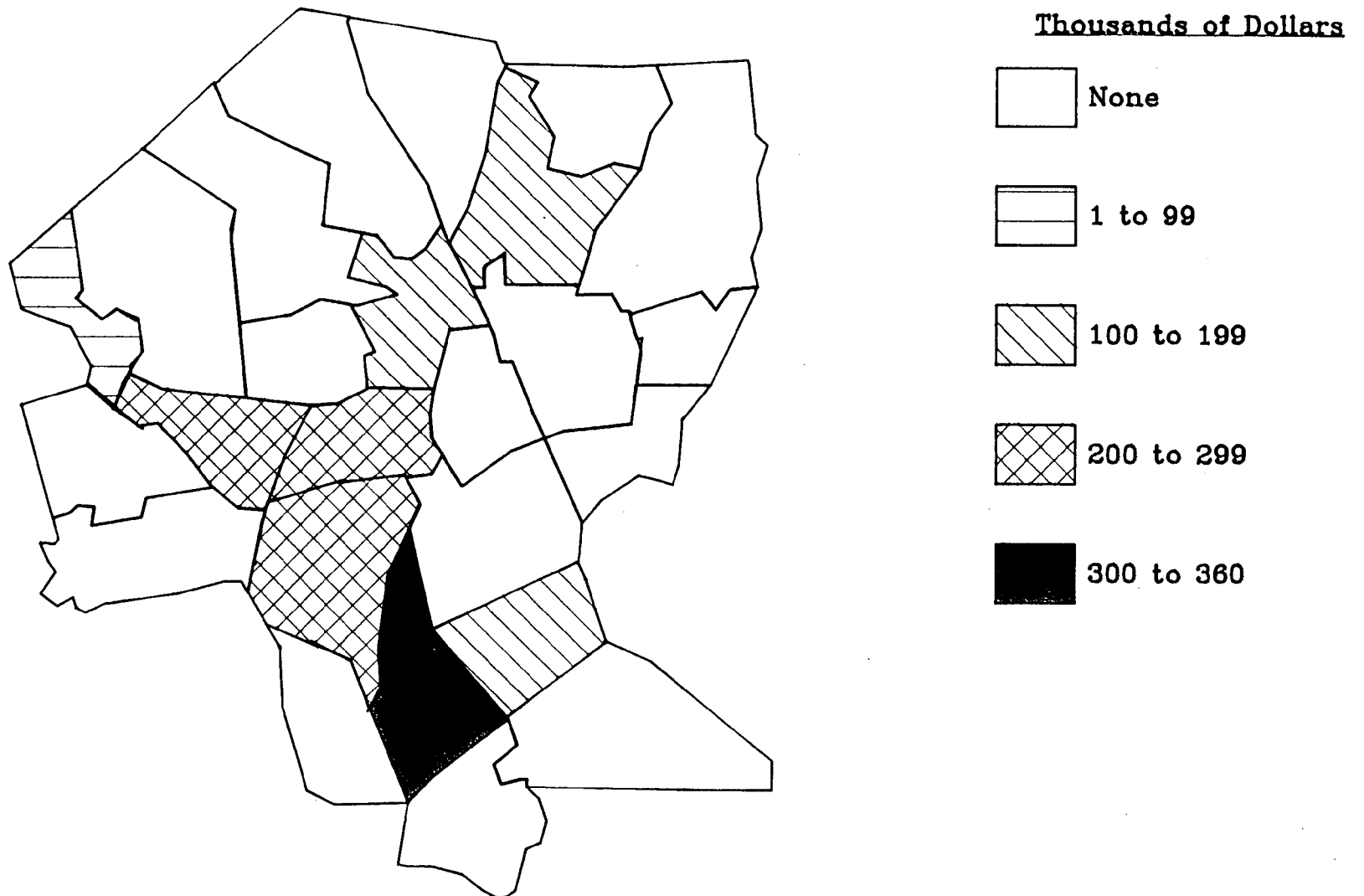


Table 14. Rental Rehabilitation Program Characteristics, Providence and Selected Cities, FY 1988*.
Dollar amounts in thousands.

City	Total Rental Rehabili- tation Funds	Total Public Funds	Total Private Funds	Total Funds Used	Units Completed	Rental Rehab. Funds Per Unit	Total Funds Per Unit	Percent Low Income**
Providence, RI	431	431	572	1,003	157	2,747	6,388	76
Worcester, MA	422	1,203	3,879	5,102	161	2,619	31,689	88
Hartford, CT	451	820	1,724	2,544	121	3,729	21,023	92
Syracuse, NY	255	509	195	704	96	2,660	7,331	83
Newport News, VA	275	275	776	1,051	59	4,661	17,809	87
Raleigh, NC	105	348	58	406	32	3,288	12,689	71
Greensboro, NC	251	251	447	717	57	4,411	12,583	84
Akron, OH	405	415	535	944	112	3,616	8,432	79
Flint, MI	553	556	891	1,447	233	2,375	6,200	84
Little Rock, AR	521	521	613	1,129	114	4,569	9,900	80
Kansas City, MO	486	1,866	2,478	4,344	136	3,573	31,942	64
Lincoln, NE	435	475	613	1,088	110	3,952	9,889	90
PROGRAM TOTAL	192,214	277,364	368,794	646,615	56,705	3,390	11,403	78

* As of May 31, 1988.

** Percent of Rental Rehabilitation Program funds used for units occupied by low income persons.

STATE HOUSING PROGRAMS

The State of Rhode Island administers many different types of housing programs. A recent survey of state housing programs conducted by the Governor's Human Services Advisory Council identified "29 significant housing functions of varying size and scale distributed among 8 agencies and 2 divisions. Some programs were exclusively devoted to housing; others served housing needs as an ancillary part of their responsibilities."⁵⁵ Among the agencies and programs identified by the survey were the following:

- The *Governor's Office of Intergovernmental Relations* provides matching funds for federal homeless shelter programs, and administers HUD Section 8 housing assistance and housing vouchers and small city Community Development Block Grants;
- The *Governor's Office of Energy Assistance* provides weatherization assistance for eligible low-income persons;
- The *Department of Administration* is responsible for the State housing plan, review of federally assisted programs, and information on landlord-tenant issues;
- The *Department of Children and Their Families* provides housing services to more than 2,000 children annually and administers a statewide network of group homes;
- The *Department of Elderly Affairs* provides coordinated social services to elderly public housing tenants, funds a security program for elderly housing projects in 12 communities, and provides a variety of counseling services;
- The *Department of Employment Security* provides housing accommodations for migrant seasonal farm workers;
- The *Department of Human Services* provides assistance to persons facing emergency housing situations such as loss of shelter due to fire, and administers state programs for housing services and emergency shelter for the homeless, victims of domestic violence, and public assistance recipients needing emergency shelter;
- The *Department of Health* administers the state's lead poisoning abatement and control programs;
- The *Department of Mental Health, Retardation and Hospitals* is responsible for institutional housing services and community housing opportunities for mentally ill clients;
- The *Historical Preservation Commission* provides federal tax credits for the rehabilitation of certified historic structures;
- The *State Building Code Commission* establishes and monitors various building code requirements for mobile homes and pre-fabricated homes;

⁵⁵ The Housing Report of the Governor's Human Services Advisory Council, p. B-2.

- The *Rhode Island Housing and Mortgage Finance Corporation*, the state's housing finance agency, has authority to issue bonds for home mortgage, new construction, and housing rehabilitation programs.

Because of our interest in exploring housing production programs in the City of Providence, our discussion of state programs will focus exclusively on programs administered by the Rhode Island Housing and Mortgage Finance Corporation.

Rhode Island Housing and Mortgage Finance Corporation

The Rhode Island Housing and Mortgage Finance Corporation (Rhode Island Housing) was created as a public corporation by the State Legislature in 1973. The agency's resources come from the sale of tax-exempt notes and bonds. As of January 1988, Rhode Island Housing had provided over 33,000 mortgages, financed the construction of 85 Section 8 developments, and was managing more than 10,300 apartments throughout the state.⁵⁶ In 1986, the agency was rocked with scandal as evidence of financial mismanagement tarnished the agency's image. Since that time, through the leadership of two new directors, the agency has reestablished itself and emerged as an important entity in local housing policy with many new programs and one of the highest bond ratings for an agency of its type in the nation. Rhode Island Housing offers a variety of programs that assist low-, moderate-, and middle-income persons. In addition, the agency has become more active in housing policy planning and needs assessment, and the General Assembly recently passed legislation authorizing Rhode Island Housing to create a spin-off entity empowered to directly produce housing.⁵⁷ A brief description of Rhode Island Housing programs is listed in Table 15.

⁵⁶ Rhode Island Housing and Mortgage Finance Corporation, Breaking Ground (Providence: Annual Report, 1987).

⁵⁷ Bill number S2836.

Table 15. Description of Rhode Island Housing and Mortgage Finance Corporation Programs.

HOME MORTGAGE PROGRAMS

Homeownership Opportunity. Provides mortgage assistance for qualified low- and moderate-income first-time buyers. Aggregate family income cannot exceed \$38,700. Home purchase price limits range from \$94,000 for an existing one-family home to \$125,000 for a three-family building. Assistance is in the form of an 8% fixed-rate mortgage for a term of 30 years. Generally, buyers are required to make a downpayment of at least five percent with a one-point fee.

First Homes. The goal of this program is to provide home ownership opportunities for low- and moderate-income families, especially to help them purchase income-producing two- and three-family homes to ease the burden of payment on the owner. Eligible applicants under this program are qualified first-time buyers earning up to \$38,700. Home purchase price limits range from \$94,000 for an existing single-family to \$125,000 for a three-family. Assistance may be available in the form of a stepped rate mortgage with the interest rate in the initial years ranging from 6.6% to 8.6 % depending upon household income. Generally, all borrowers are required to make a five percent downpayment with a one-point fee. Term of the mortgage is 30 years.

New Homes. This program provides 8.75% fixed-rate mortgages for qualified first-time buyers earning up to \$42,500 to purchase newly constructed single-family homes or condominiums selling at a price of up to \$97,000. Generally, borrowers are required to make a five percent downpayment with a one-point fee. Term of the mortgage is 30 years. This program was recently terminated by Rhode Island Housing and the bond proceeds were recalled and reallocated to the First Homes program.

Providence Housing Fund. The goal of this program is to create homeownership opportunities for low- and moderate-income families interested in purchasing a home in the City of Providence. The program is funded from a \$5.0 million set aside from the Homeownership Opportunity Program and from Rhode Island Housing's purchase of a \$5.8 million Urban Development Action Grant note from the City of Providence. Interest rates are 6% for years one and two, 7% for years three and four, and 8% for the remainder of the 30-year term. Eligible buyers must meet income and house price guidelines and generally be first-time homebuyers.

LOANS FOR CONSUMERS

Elderly Home Equity Program. This program provides qualified elderly homeowners with the financial resources to continue to reside in the homes that they own. The owner receives a mortgage loan that provides a monthly tax-free payment for a period of 10, 15, or 20 years. Income limits for eligible applicants range from \$17,400 for an individual to \$19,900 for co-borrowers. Applicants may borrow up to 80% of the equity in their home up to \$60,000. Generally, the loan will be repaid solely from the sale of the home upon the death of the last surviving borrower residing in the house.

Home Repair Loans. This program provides 3% loans to make needed repairs to one- to six-unit houses owned or occupied by low- and moderate-income persons. Loans are for a term of 15 years and may not exceed \$10,000 per unit or \$40,000 per total loan.

Access Independence Loans. The purpose of this program is to make homes more accessible for people with handicapping conditions. Assistance is in the form of 3% interest-deferred loans (loan and accrued interest not payable until home is sold or transferred), with no interest accrued after 15 years.

Table 15, continued.

LOANS FOR NON-PROFIT AND FOR-PROFIT HOUSING SPONSORS

Construction Loan. Provides below-market interest loans to non-profit sponsors and government authorities to build or rehabilitate affordable single-family housing for sale to qualified low- and moderate-income families. Assistance is in the form of 100 percent construction financing at rates not to exceed 6% to finance the purchase or construction of up to eight homes or condominiums. Each unit offered for sale must be affordable under Rhode Island Housing mortgage revenue bond programs.

Land Bank. This program enables non-profit developers and government authorities to purchase unimproved land for eventual use in construction of new, affordable single-family housing for sale to qualified low- and moderate-income families. Assistance is in the form of 100 percent financing for the new purchase or refinancing of already owned land for single-family or rental housing at interest rates not to exceed 3%.

Rental Housing Production and Rehabilitation. This program provides assistance to non-profit and for-profit developers to finance the construction or rehabilitation of affordable multi-family rental housing units. Assistance to developers is provided through several mechanisms including zero interest second mortgages of up to \$20,000 per low-income unit, low-income tax credits, rental assistance subsidy agreements, and tax-exempt or taxable bonds. A minimum of 20 percent of the total units have to be rented to tenants with incomes below 50 percent of the area median income or 40 percent of the units to tenants with incomes less than 60 percent of the median income.

Low-Income Housing Tax Credits. Under this program, Rhode Island Housing provides federal tax credits to eligible building owners to stimulate the production and or retention of rental housing units affordable to lower-income persons. The credit rate for 1987 was as follows: 4% for acquisition, 9% for rehabilitation and new construction developments, and 4% for developments with federal subsidies or tax-exempt financing. These tax credits can be deducted from income tax for a 10 year period. A minimum of 20 percent of the total units have to be rented to tenants with incomes below 50 percent of the area median income or 40 percent of the units to tenants with incomes less than 60 percent of the median income.

Rhode Island Housing Partnership. Rhode Island Housing will contribute \$1.0 million to the Rhode Island Housing Partnership, a partnership of state and local governments, nonprofit organizations, lenders, and private businesses. The purpose of the partnership is to facilitate the construction and rehabilitation of affordable housing. Financial assistance will be provided in the form of predevelopment, acquisition, construction, and permanent financing.

Special Needs. This program enables nonprofit sponsors to apply for low-interest loans for building, improving or enlarging housing for special needs populations, including persons with serious disabilities and persons-in-crisis.

Table 15, continued

EMERGENCY HOUSING AND SHELTER

Capital Fund Grants for Emergency Shelters. This program provides grants of up to \$100,000 to organizations that provided emergency temporary shelter to homeless, abused, battered or neglected individuals and families. These funds may be used for the improvement or expansion of existing facilities, development of new facilities, and purchase of capital equipment.

Emergency Housing Assistance Program. This program provides emergency housing assistance to families facing a temporary housing crisis. Proceeds from a trust fund and \$300,000 from the State of Rhode Island are dispersed to Community Action Programs around the state for distribution of grants to eligible households falling within program income guidelines.

PILOT PROGRAMS

Project Independence. The goal of this program is to enable AFDC families to become homeowners and break the cycle of welfare dependency. The program is funded from the investment earnings of a \$3.0 million trust fund and the proceeds are used to provide employment training, counseling, and mortgage assistance to 100 AFDC families.

Municipal Strategic Plans. This program provides grants of up to \$30,000 each to municipal governments to develop strategic plans for affordable housing.

Despite the impressive array of housing programs, particularly the many new initiatives undertaken within the past 18 months in the areas of rental housing, Rhode Island Housing has experienced difficulties in getting some of its new programs underway. As Table 16 illustrates, many Rhode Island Housing programs had substantial portions of uncommitted funds as of May 1988. In our conversations with Rhode Island Housing officials one reason frequently attributed to the lack of program progress is the lack of qualified developers. Rhode Island Housing officials noted that cutbacks in federal housing production programs, especially Section 8, have led most private developers to commercial development and market rate housing development opportunities. Among the nonprofit housing development organizations, only a few have the requisite skills and resources to undertake housing development, and for most of these organizations, land costs have become prohibitive. One example of Rhode Island Housing's difficulty in finding qualified developers for its programs is the agency's Rental Housing Production Program, begun in April 1987. According to Rhode Island Housing officials, only a very few of the proposals submitted by nonprofit housing organizations were ones in which the organization had the land on which to develop the proposed housing and the technical and financial expertise to carry out the project. Thus, while Rhode Island Housing has the resources to finance multi-family housing development, the lack of qualified developers has considerably slowed the development of new and rehabilitated units under this program.

Table 16. Rhode Island Housing and Mortgage Finance Corporation, Program Status, May 1988.

	Date Begun	Funds Available	Funds Committed Thru May 1988	Number of Households Assisted	Average Loan	Average Income
HOME MORTGAGE PROGRAMS						
Homeownership Opportunity	9/86	\$25 million	\$18.9 million	325	\$58,405	\$21,658
New Homes	6/87	\$20 million	\$5.1 million	69	\$73,859	\$31,726
First Homes	10/87	\$40 million	\$26.7 million	377	\$70,681	\$22,955
Providence Housing Fund	2/87	\$5 million; \$5.8 million UDAG note; UDAG repay- ments @ \$500,000 / yr.	\$1.6 million	25	\$62,028	\$16,696
LOANS FOR CONSUMERS						
Elderly Home Equity Program	9/86	\$5 million trust fund; \$3.0 million revolving loan fund	\$4.6 million	92	\$50,498	\$10,789
Home Repair Loans Access Independence Loans	5/87	\$7.8 million/ \$350,000	\$821,110	75	\$10,948	\$18,884
LOANS FOR NON-PROFIT AND FOR-PROFIT HOUSING SPONSORS						
Single-Family Const. or Rehab.	10/86	\$2.5 million revolving loan fund	\$1.1 million	16	\$57,400*	\$21,756*
Land Bank	10/86	\$1.5 million revolving loan fund	\$151,900	24	--	--
Rental Housing Production and Rehab.	4/87	\$3.5 million in reserves; bond proceeds; tax credits	\$2.7 million	143	--	--
Low-Income Housing Tax Credits	5/87	\$1.2 million	\$755,000	143	--	--
Rhode Island Housing Partnership	7/87	\$1.0 million	\$0	0	--	--
Special Needs	1/88	\$350,000	\$256,500			

Table 16, continued.

		Funds Available	Funds Committed Thru May 1988	Number of Households Assisted	Average Loan	Average Income
EMERGENCY HOUSING AND SHELTER						
Grants for Emergency Shelters	9/86	\$1.0 million in reserves	\$939,500	18 facilities/ 452 beds	\$52,198 grant	
Emergency Housing Assistance	1/87	Earnings-- \$3.0 million trust fund; \$400,000 state funds	\$810,000	1,055	\$651 grant	\$7,559
PILOT PROGRAMS						
Project Independence	5/87	Earnings-- \$3.0 million trust fund	\$0	0	--	--
Municipal Strategic Plans	9/87	\$200,000 in reserves	\$200,000	8 communities**		

* Data based only on OMNI Development project.

** The following communities have been awarded grants: Bristol, Cranston, East Providence, Lincoln, Newport, South Kingstown, Warwick, and Westerly.

Rhode Island Housing 3% Rehabilitation Loan Program

In June 1987, Rhode Island Housing initiated a 3% Home Repair Loan Program designed to assist Rhode Island cities and towns in upgrading their housing stocks. Under this program, funding is provided by Rhode Island Housing and participating cities and towns assume responsibility for program administration. Owners of one to six-unit residential properties as well as owners of mixed-use properties where at least half of the floor space is used for residential purposes may apply for loans at a fixed rate of 3% with a term that may not exceed 15 years. The minimum loan amount is \$1,000 and the maximum loan is \$10,000 per unit up to a maximum of \$40,000 per loan. Owner-occupants must have incomes at or below 80 percent of the area median income (currently \$26,950 for a family of four in Providence) and agree that rents for the rehabilitated units will not exceed the fair market rents for existing housing for a period of three years.

In the City of Providence, the 3% loan program has proven to be one of the most popular rehabilitation programs the City has offered. Within a period of about three weeks following the City's notice of availability of funds, the Department of Planning and Development had received enough applications to exhaust its available funding through this program. No further applications have been accepted. Table 17 reports the distribution of 3% loan funds by neighborhood area for the 60 projects that have been closed or committed as of June 15, 1988; Figure 5 illustrates the distribution of funding by neighborhood area. As of that date, funds totaling \$872,000 had been approved for 60 projects.⁵⁸ All but six of the City's neighborhood areas (Hope, College Hill, Wayland, Downtown, Washington Park, and South Elmwood) have received funding for at least one project. The Mount Pleasant, Federal Hill, and West End neighborhoods each received funding of about \$90,000.

⁵⁸ Data on the number of units included in each project was not included in the program monitoring files we examined.

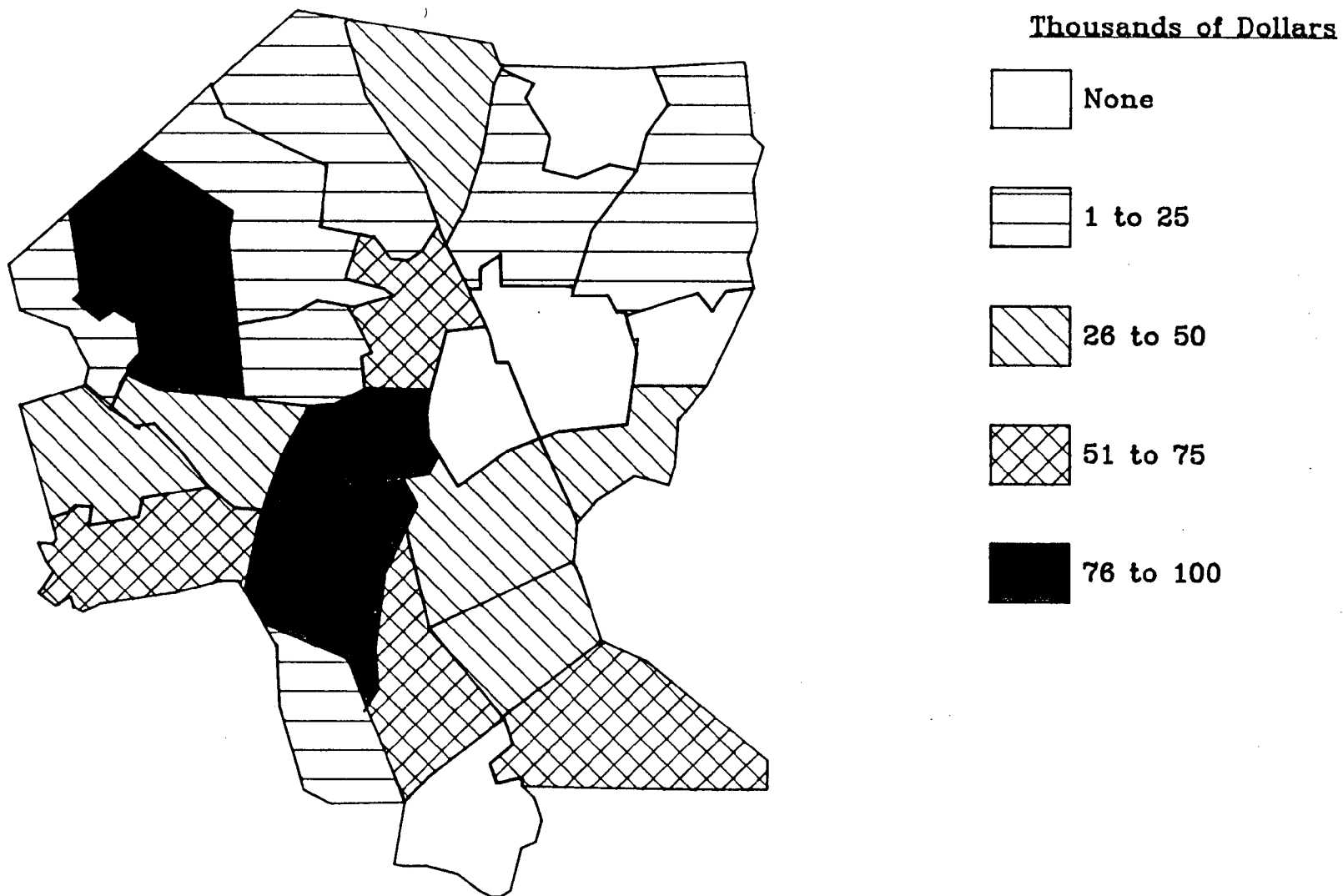
Table 17. Rhode Island Housing 3% Rehabilitation Loan Program by Neighborhood, Activity through June 1988.

Neighborhood	Number of Projects	3% Loan Program Dollars (\$000)
Blackstone	1	10.2
Charles	4	43.7
Elmhurst	2	16.8
Elmwood	5	72.7
Federal Hill	3	89.5
Fox Point	1	26.8
Hartford	2	31.3
Lower South Providence	3	45.3
Manton	1	10.7
Mount Hope	1	4.7
Mount Pleasant	7	90.5
Olneyville	3	48.6
Reservoir	1	13.9
Silver Lake	6	73.8
Smith Hill	6	70.7
Upper South Providence	1	27.0
Valley	1	24.4
Wanskuck	3	19.2
Washington Park	4	61.6
West End	5	90.7
Total	60	872.3

Figure 5

RIHMFC 3% Rehabilitation Loan Program

Providence Neighborhood Areas



Rental Housing Production Programs

The State of Rhode Island recently passed a rental subsidy program similar to the federal government's Section 8 program whereby state funds would be available for up to twenty years to provide rental assistance for housing developments throughout the State.⁵⁹ According to the legislation, \$5.0 million in state general funds will be allocated to the program each year for a period of 10 years. The funds will be used to support the development of low income housing units through either new construction, rehabilitation, or acquisition of existing developments. The rental subsidy program, which will be administered by the Governor's Office of Intergovernmental Relations, will work in tandem with Rhode Island Housing's Rental Housing Production Program for those projects involving new construction or rehabilitation of existing units. Rhode Island Housing has allocated \$5.0 million from its reserve funds for this program in 1988. Like the federal government's Section 8 program, the state rental subsidy will be based on tenant contributions of 30 percent of income and HUD Fair Market Rents. Seventy percent of the funds made available through the rental subsidy program will be earmarked for nonprofit developers with the remaining 30 percent available to for-profit developers.

Summary

Our brief review of state housing programs points out that Rhode Island is one among a few states that have taken actions to respond to the recent cutbacks in federal housing assistance. During the past 18 months many new housing programs have been initiated by the Rhode Island Housing and Mortgage Finance Corporation, and this past June the state enacted a rental subsidy program modelled after the federal government's Section 8 program. However, according to a recent Rhode Island Housing program brochure, most state assistance is geared towards increasing home ownership opportunities for single-family homes: almost \$100 million is available through programs that aid the development of single-family housing whereas less than \$15 million is available through programs that address multi-family housing needs.

In reviewing our draft report, Rhode Island Housing officials disagreed with our interpretation of the agency's use of housing resources. They pointed out that we should not consider bond funds as agency resources and that if we looked at how the agency used its reserve funds we would find a heavy emphasis on multi-family housing. While we acknowledge that Rhode Island Housing has developed many new and innovative programs with its reserve funds, we maintain the level of support for these programs is still substantially overshadowed by the value of mortgage revenue bonds issued for single-family housing. In our view, these bonds issued by Rhode Island Housing should be considered a housing resource and the agency should explore ways in which bond funds could be used to stimulate the development and rehabilitation of multi-family housing.

The principal housing finance instrument used in Rhode Island, as in most other states, is tax-exempt mortgage bonds. Between 1982 and 1986 state and local governments issued more than \$50 billion in tax-exempt qualified mortgage bonds. Authority for the issuance of these bonds is scheduled to expire in December 1988. Typically, these bonds are issued by state housing finance agencies and offer qualified buyers an interest rate that is about 1 1/2 to 2 percentage points below the market rate. Supporters of mortgage revenue bonds contend that these financial instruments allow those who could not otherwise afford to purchase a home to do so. Opponents, on the other hand, contend that most bond-assisted homebuyers could have purchased their homes without the assistance and that the financing mechanism is inefficient. The implications of the scheduled expiration date for tax-exempt mortgage bonds are substantial for housing finance agencies across the country. Termination of mortgage bond financing would eliminate one of the major policy instruments used by state housing agencies. Recent evidence,

⁵⁹ "Affordable Housing Opportunity," Bill Number 88-H8233-Substitute A.

however, shows that the vast majority of these funds have not been used to expand home ownership among low-income households.

A recent study by the General Accounting Office examined mortgage revenue bond programs in 29 states and found that about two-thirds of the 178,000 home buyers who received bond-assisted mortgage loans between 1983 and 1987 could have probably purchased the same house through conventional financing means. The report concludes that:

qualified mortgage bonds are an inefficient and costly way to provide assistance to first-time home buyers, serve mostly buyers who could afford homes anyway, and have done little to increase home affordability for low- and moderate-income people. For these reasons, and because these bonds cost the federal government \$150 million for each \$1 billion in bonds issued, GAO questions whether bond issuance authority should be extended.⁶⁰

Recent empirical studies by Durning⁶¹ and by Benjamin and Sirmans⁶² report that more precise policy instruments than mortgage revenue bonds are needed to promote home ownership opportunities among low- and moderate-income households. Examination of mortgage disclosure reports for Rhode Island Housing and Mortgage Finance Corporation loans for calendar year 1987 suggests that these findings concerning mortgage bond assistance for low- and moderate-income households based on national studies hold for Rhode Island as well.

According to the Housing and Community Development Act of 1974, as amended, the federal government defines "low" income as 50 percent or less of the areawide median family income and "moderate" income as 51-80 percent of the areawide median. In 1986, median family income in Rhode Island was \$31,200, which means that low-income families earned \$15,600 or less and moderate income families earned between \$15,600 and \$24,960. Yet, as Table 18 shows, the average recipient income for the 410 mortgage agreements made by Rhode Island Housing in 1987 was \$28,920, nearly \$4,000 above the limit for "moderate" income families.⁶³ Median family income increased to \$34,500 in March 1988, but even at that higher level the average Rhode Island Housing loan in 1987 was more than \$1,300 higher than the upper limit for "moderate" income families. Rhode Island Housing, in short, provides valuable mortgage assistance to many more middle-income families than it does to low- and moderate-income families.

In their review of our draft report Rhode Island Housing officials strongly disagreed with our conclusion that the agency was assisting middle-income households. Our point is not a semantic one concerning whose definition of "moderate" income is correct; rather we are concerned that a good number of the recipients of Rhode Island Housing mortgages are households earning at or above the state median

⁶⁰ U.S. General Accounting Office, Home Ownership: Mortgage Bonds Are Costly and Provide Little Assistance to Those in Need (Washington, D.C.: Report No. GAO/RCEID-88-111, March 1988), p. 5.

⁶¹ Dan Durning, "The Efficiency and Distribution of Mortgage Revenue Bond Subsidies: The Effects of Behavioral Responses," Journal of Policy Analysis and Management Vol. 7, No. 1 (1987), pp. 74-93.

⁶² John D. Benjamin and C.F. Sirmans, "Who Benefits From Mortgage Revenue Bonds?" National Tax Journal Vol. XL (March 1987), pp. 115-120.

⁶³ Internal Revenue Service regulations issued in response to the Tax Reform Act of 1986 limit the use of tax-exempt mortgage bonds to households whose income does not exceed 115% of the state median income. State housing agencies may, however, choose to establish lower income thresholds.

family income⁶⁴ while households earning less than the median are not as frequently assisted because they can't afford mortgage payments on the average Rhode Island existing single-family home. Rhode Island Housing officials reported to us that the only way households earning less than the median family income could afford to purchase a home was through a zero percent interest second mortgage. Last year, Rhode Island Housing used \$3.5 million from its reserve funds for second mortgages. In our view, Rhode Island Housing should be devoting more of its resources for programs such as this that make home ownership a viable opportunity for low- and moderate-income families.

⁶⁴ In 42 of the 139 census tracts (30 percent) in which Rhode Island Housing made mortgage loans in 1987, average gross recipient income was equal to or greater than the state median income of \$31,200.

Table 18. Rhode Island Housing and Mortgage Finance Corporation Mortgage Loans, 1987.

Community	Number of Persons 1986	Number of Loans	Average Recipient Gross Income	Average Recipient Income as Percent of State Median Income	Average Loan to Value
BRISTOL COUNTY					
Barrington	16,110	3	\$30,076	96	90
Bristol	20,280	8	25,070	80	82
Warren	11,280	1	37,572	120	75
KENT COUNTY					
Coventry	30,170	14	25,576	82	88
East Greenwich	10,550	1	22,164	71	95
Warwick	86,960	84	30,541	98	86
West Greenwich	3,220	3	23,060	74	82
West Warwick	28,570	15	32,063	103	85
NEWPORT COUNTY					
Jamestown	4,730	1	17,184	55	44
Little Compton	3,310	1	19,128	61	85
Portsmouth	15,450	2	41,994	135	95
Tiverton	14,240	1	36,396	117	82
PROVIDENCE COUNTY					
Burrville	15,650	10	38,055	122	88
Central Falls	17,030	9	27,453	88	86
Cranston	73,760	29	27,994	90	84
Cumberland	26,930	2	30,174	97	81
East Providence	50,440	27	27,770	89	85
Glocester	9,200	3	30,796	99	91
Johnston	25,890	18	29,608	95	79
Lincoln	17,520	1	24,180	78	80
North Providence	29,030	21	26,530	85	85
Pawtucket	72,640	39	30,696	98	87
Providence	157,200	89	27,194	87	84
Smithfield	17,950	4	25,089	80	73
Woonsocket	44,970	5	35,093	112	88
WASHINGTON COUNTY					
Charlestown	6,200	2	37,464	120	84
Exeter	4,640	1	45,756	147	80
Hopkinton	6,460	2	21,666	69	72
North Kingstown	24,080	3	24,424	78	89
Richmond	5,110	2	23,268	75	93
Westerly	19,600	6	27,486	88	86
STATEWIDE TOTAL	975,000	410	28,920	93	85

CITY-SPONSORED HOUSING INITIATIVES

The Providence Company

The Providence Company was created in December 1987 by the City, the Providence Foundation, and the Greater Providence Chamber of Commerce to administer an \$18.6 million loan pool to stimulate residential development in downtown Providence. About one-fifth of the funds in the loan pool are city funds with the remainder coming from local banks and lending institutions.⁶⁵ These funds are to be lent to developers at 75 percent of the prime rate to finance the conversion of existing buildings in the downtown area to housing. Since city funds are part of the Foundation's capital pool, 20 percent of the housing units developed must be set aside for low- and moderate-income persons. As of this date, the Providence Company has a letter of commitment from one developer for 24 units of condominium housing in the Conrad Building. The Providence Company is also considering an application from a developer for the conversion of the Outlet Building into apartments, although the developer just recently extended its option to buy the property until January 1989 in order to gain more time to arrange for financing of the project.⁶⁶ To help stimulate interest in downtown housing, the Providence Company has hired an advertising agency to conduct a campaign to promote residential development opportunities in downtown Providence for prospective developers and residents.⁶⁷

Vacant Lot Program

In June 1986, the Providence City Council adopted an ordinance creating the Vacant Lot Program.⁶⁸ Under this program, the Providence Redevelopment Agency is empowered to acquire through condemnation tax reverted vacant lots which will be made available for sale to persons or organizations willing to make improvements to the property in accord with the program's guidelines. First priority for property disposition of lots under 7,500 square feet is given to adjacent owner-occupants for expansion of their yard or parking facilities. In those instances where lots are assembled and marketed as single development parcels, preference will be given to nonprofit housing development organizations for the creation of affordable housing.

As of June 1988, most of the 95 lots disposed were acquired by adjacent owner-occupants (n = 41) for side yards and parking and by nonprofit housing developers (n = 38).⁶⁹ The Vacant Lot Program includes an anti-speculation covenant that permits the Providence Redevelopment Authority to recapture the difference between the sales price and 100 percent of the lot's fair market value at the time of sale if the lot is sold or transferred within five years. As noted below in our discussion of nonprofit organizations, the City is working with Interfaith Housing, Good News Housing, and others to provide tax reverted lots to these groups for the development of new housing units. However, we should point out that the vacant lot program is not solely a housing program. Many of the lots being acquired are too small to support housing development (Table 19) and are being used for larger yards or parking for

⁶⁵ The City's contribution will be about three to four million dollars and will come from the proceeds of the sale of the Fleet UDAG note.

⁶⁶ John Castellucci, "Apartment Conversion at Outlet Postponed," The Providence Journal (August 19, 1988).

⁶⁷ John Castellucci, "Few Seeking Low Downtown Housing Loans," The Providence Journal (August 24, 1988).

⁶⁸ Council Ordinance No. 318, June 12, 1986.

⁶⁹ Data on the Vacant Lot program was obtained from the City of Providence, Department of Planning and Development.

adjacent homeowners. As of June 1988, proposals for the development of about 100 housing units on 40 lots were under consideration.

Table 19. Number of Tax-Reverted Vacant Lots by Neighborhood Areas.

Neighborhood	Number of Tax-Reverted Vacant Lots	Tax-Reverted Vacant Lots Meeting Residential Zoning Requirements		Tax-Reverted Vacant Lots Of 6,000 sq. ft. or More	
		Number	Percent	Number	Percent
Blackstone	0	0	--	0	--
Charles	5	1	20.0	1	20.0
College Hill	0	0	--	0	--
Downtown	1	0	0.0	0	0.0
Elmhurst	1	0	0.0	0	0.0
Elmwood	39	8	20.5	6	15.4
Federal Hill	13	1	7.7	0	0.0
Fox Point	0	0	--	0	--
Hartford	10	0	0.0	0	0.0
Hope	0	0	--	0	--
Lower South Providence	74	2	2.7	3	4.1
Manton	19	3	15.8	3	15.8
Mount Hope	5	0	0.0	0	0.0
Mount Pleasant	3	1	33.3	1	33.3
Olneyville	14	0	0.0	0	0.0
Reservoir	3	0	0.0	0	0.0
Silver Lake	10	5	50.0	1	10.0
Smith Hill	34	2	5.9	2	5.9
South Elmwood	2	0	0.0	0	0.0
Upper South Providence	41	4	9.8	0	0.0
Valley	3	0	0.0	0	0.0
Wanskuck	8	0	0.0	1	12.5
Washington Park	7	0	0.0	0	0.0
Wayland	0	0	--	0	--
West End	86	7	8.1	6	7.0
Total	378	34	9.0	24	6.3

A more difficult problem concerning the use of the Vacant Lot program for housing development is that since the City must give notice of its intent to condemn and acquire the vacant lots, any individual can acquire a parcel prior to condemnation by purchasing the property or removing the tax lien. Hence, the acquisition process is a lengthy one and nonprofit organizations are not always sure of which specific parcels they will eventually receive.

Tax-Reverted Vacant Buildings Program

The City has allocated \$100,000 of its current year CDBG funds to begin a tax-reverted abandoned properties program to encourage the rehabilitation of vacant residential buildings. According to the Department of Inspections and Standards, there were about 400 vacant buildings in the City as of July 1988 (Table 20).⁷⁰ Almost half of these vacant structures were located in three neighborhoods-- Elmwood, Upper South Providence, and the West End (Figure 6). In terms of the duration of vacancy, the data show that 40 percent of the vacant buildings have been vacant for five years or more. Vacancy is also a current phenomenon as one of every four vacant buildings became vacant within the past year.

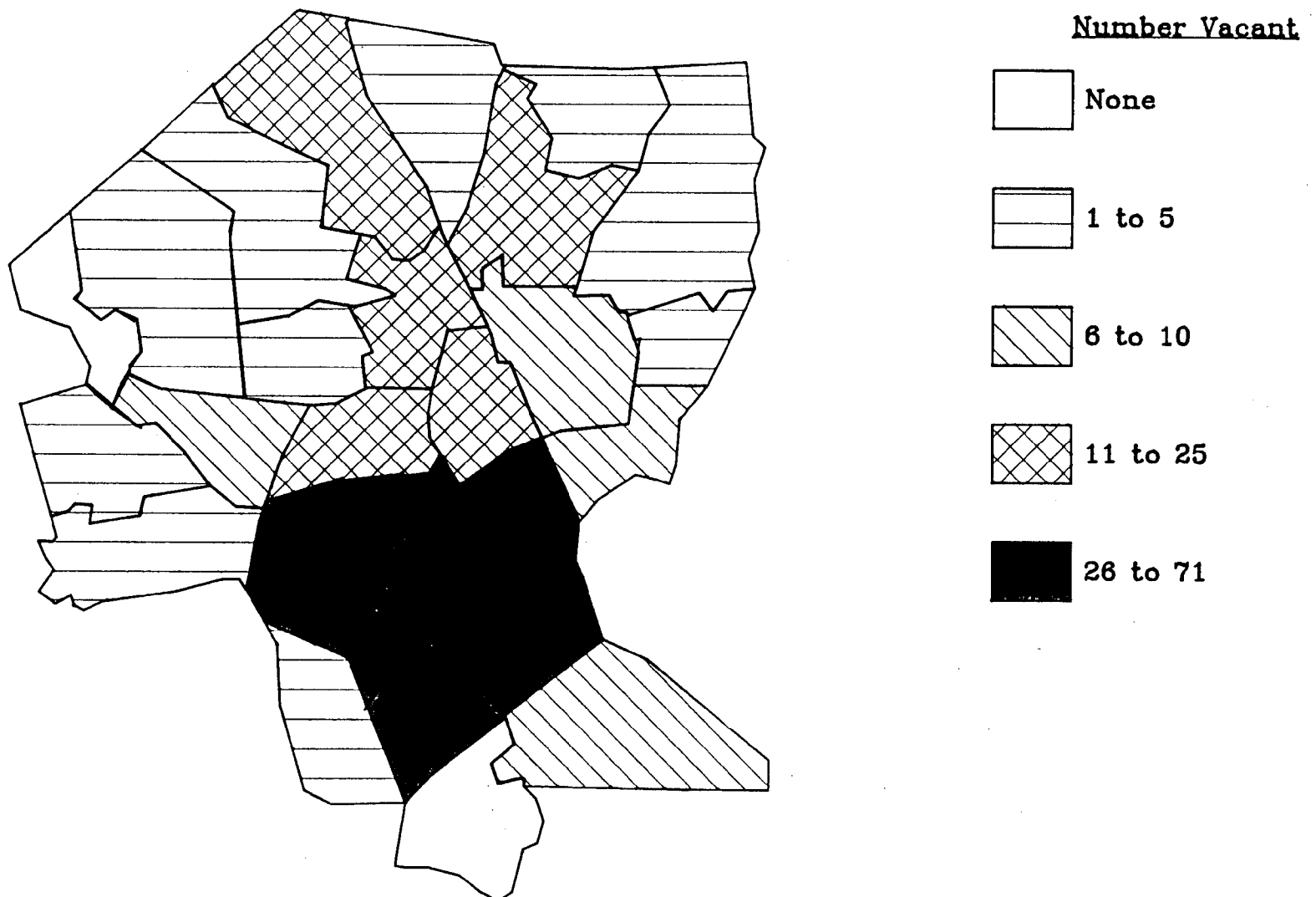
While Table 20 shows that one of every four vacant buildings in the City is currently under renovation, the incidence of renovation is closely related to neighborhood conditions as the neighborhoods experiencing the greatest rate of vacant building renovation (College Hill, Reservoir, Wanskuck, and Wayland) tend to be among the City's more vital neighborhoods.

⁷⁰ City of Providence, Department of Inspections and Standards, "Vacant Buildings in the City of Providence," June 1988.

Table 20. Number of Vacant Buildings by Neighborhood Areas.

Neighborhood	Number of Vacant Buildings	Vacant Buildings Under Renovation		Duration of Vacancy	
		-----		Percent Vacant	Percent Vacant
		Number	Percent	1983 or Earlier	1987 or Later
Blackstone	3	0	0.0	0.0	66.7
Charles	3	1	33.3	33.3	33.3
College Hill	10	5	50.0	0.0	50.0
Downtown	14	2	14.3	35.7	14.3
Elmhurst	5	2	40.0	40.0	0.0
Elmwood	67	19	28.4	43.3	28.4
Federal Hill	25	5	20.0	36.0	40.0
Fox Point	8	2	25.0	25.0	12.5
Hartford	2	0	0.0	50.0	50.0
Hope	1	0	0.0	0.0	100.0
Lower South Providence	39	7	17.9	51.3	20.5
Manton	0	0	--	--	--
Mount Hope	21	8	38.1	42.9	14.3
Mount Pleasant	5	1	20.0	20.0	60.0
Olneyville	9	0	0.0	22.2	44.4
Reservoir	1	1	100.0	0.0	0.0
Silver Lake	4	0	0.0	0.0	50.0
Smith Hill	11	4	36.4	36.4	36.4
South Elmwood	0	0	--	--	--
Upper South Providence	65	19	29.2	46.2	21.5
Valley	4	1	25.0	75.0	0.0
Wanskuck	11	6	54.5	9.1	27.3
Washington Park	10	4	40.0	30.0	40.0
Wayland	4	2	50.0	75.0	25.0
West End	71	19	26.8	49.3	29.6
Total	393	108	27.5	40.7	27.7

Figure 6
Number of Vacant Buildings
Providence Neighborhood Areas



NONPROFIT HOUSING ORGANIZATIONS

Nonprofit housing organizations have played an important role in low income housing development and management for many years. More recently, the role of these community institutions has been heralded in the emergence of public/private partnerships that have been created in cities across the country to construct and manage specific housing developments or to provide more general assistance for housing initiatives in their communities. At the national level, several organizations have been created within the past decade to stimulate the development and spread of these innovative strategies.

In 1979, the Ford Foundation together with major national insurance and banking corporations founded the Local Initiative Support Corporation (LISC) to assist community organizations in identifying new resources--both public and private--for the development of programs aimed at housing and neighborhood preservation. Three years later, developer James Rouse established the Enterprise Foundation with the express purpose "to help the poor help themselves to decent, livable housing, and out of poverty and dependence into self-sufficiency."⁷¹ Working with neighborhood organizations in several cities across the country, the Enterprise Foundation has fostered the development of a national network of neighborhood organizations through which local nonprofit organizations have access to capital and technical expertise. At the local level, Boston, Chicago and many other cities have established program-based public/private partnerships that involve all the major participants in low income housing production, including community-based organizations, developers, lending institutions, and city government. In both the Boston and Chicago housing partnerships, their goal is to rehabilitate several hundred housing units at an average development cost of about \$50,000 per unit.⁷²

In 1986-87, Providence allocated \$425,000 in CDBG funds to support neighborhood-based nonprofit housing programs (Table 21). Some of these funds were used for direct housing assistance (for example, rehabilitation of housing units), although the majority of funds were used to support the administrative costs of eight nonprofit housing organizations. As part of our study of the housing problem in Providence, we conducted a survey of all nonprofit organizations involved with housing assistance in the City of Providence.⁷³ We received responses from about two-thirds of the 30 organizations we contacted. What follows is a brief description of the current housing activities of Providence's nonprofit community. This list is not meant to be an exhaustive account of nonprofit housing activity in the City, but rather reflects the variation in the scope and nature of nonprofit housing activities. One of the objectives for our survey of nonprofit organizations was to identify how many housing units were produced by nonprofit organizations during the past year and where possible, identify the various sources of funding used to produce these units. While several organizations were able to provide us with detailed information on their activities, others were less precise in describing their activities or accomplishments. Our best guess is that nonprofit organizations were instrumental in creating about 250 units of housing during 1987, although the distribution of those units was very uneven with only a few organizations accounting for most of the production (Table 22).

⁷¹ Stegman and Holden, Nonfederal Housing Program, p. 99.

⁷² For additional information on the Boston and Chicago housing partnerships see Stegman and Holden, Nonfederal Housing Programs, Chap. 8.

⁷³ We thank Al Pointe of the Rhode Island Department of Administration, for providing us with a list of organizations. Al has been tracking these organizations for several years and is editor of The Housing Forum, a newsletter devoted to housing issues in Rhode Island.

Table 21. CDBG-Funded Housing Assistance to Nonprofit Organizations, 1986-87.
Dollar amounts in thousands.

Nonprofit Organization	Amount Expended 1986-87	Amount Expended 1980-87	Number of Units	CDBG \$ Per Unit
DIRECT HOUSING ASSISTANCE				
SWAP	9.0	67.7	5	13.5
SWAP/UDAG/ENHS*	7.5	134.1	9	14.9
SWAP	35.6	45.0	22	2.0
Providence Preservation Society	95.8	242.7	26	9.3
Total	147.9	489.5	62	7.9
ADMINISTRATION				
Elmwood Neigh. Housing Services	30.8	30.8		
West Broadway Incentive Corp.	14.1	21.5		
Women's Realty Corp.	27.7	27.7		
Elmwood Foundation	25.8	25.8		
SWAP	56.9	103.3		
Providence Pres. Society	32.2	62.5		
SPRC**	5.0	5.0		
PROCAP***	85.0	85.0		
Total	277.5	361.6		
TOTAL NONPROFIT HOUSING ASSISTANCE	425.4	851.1		

* Elmwood Neighborhood Housing Services

** South Providence Revitalization Committee

*** Providence Community Action Program

Table 22. Summary of Nonprofit Housing Activity by Type of Housing Development.

Community Organization	Rehabilitation		New Construction		Purchase and Rehab	Units Produced 1987	Units Under Development
	Single-Family	Multi-Family	Single-Family	Multi-Family			
Elmwood Community Center	No	No	No	No	No	0	0
Elmwood Neigh. Housing Services	Yes	yes	No	Yes	Yes	18	8
Family Housing Development Corp.	No	Yes	No	Yes	No	0	0*
Good News Housing	No	Yes	No	Yes	No	0	21
Habitat for Humanity, RI Inc.	Yes	No	No	Yes	No	2	4
Honey Bee Development Corp.	Yes	Yes	Yes	Yes	Yes	0	0
Interfaith Housing Corporation	No	No	No	Yes	No	0	100
International Institute of RI	No	No	No	No	No	0	0
Joslin Community Develop. Corp.	No	No	No	No	No	0	0
McAuley House	No	Yes	No	Yes	No	22	22
Mount Hope Neighborhood Assoc.	No	No	No	No	No	0	0
OMNI Development Corp.	No	No	Yes	Yes	No	5	51
People's Redevelopment Corp.	No	No	No	Yes	No	0	50
Providence Anti-Arson Task Force	No	No	No	No	No	0	0
Rhode Island Indian Council, Inc.	No	Yes	No	Yes	No	10	36
Rhode Island Urban Project	No	No	No	No	No	0	0
RI Community Reinvestment Assoc.	No	No	No	No	No	0	0
Smith Hill Center	No	Yes	No	No	Yes	77	?
Socio-Economic Develop. Center	No	No	No	No	No	0	0
Stop Wasting Abandoned Property	Yes	Yes	No	Yes	Yes	7	8
Sueno Housing	No	No	No	No	Yes	0	3
Urban League of Rhode Island	No	No	No	No	No	0	0
Washington Park Community Center	No	No	No	No	No	0	0
West Broadway Incentive Corp.	No	Yes	No	No	No	10	?
W. Elmwood Housing Develop. Corp.	No	No	No	No	No	0	0
Women's Center Inc.	No	No	No	No	No	0	0
Women's Development Corp.	No	Yes	No	Yes	No	112	48

* Proposal pending before city for development of 460 housing units at Roger Williams Homes.

? Don't know.

Habitat for Humanity. The Rhode Island Chapter of Habitat for Humanity, an interdenominational Christian organization headquartered in Americus, GA, recently announced plans for the construction of two three-bedroom duplexes on Elma Street in South Providence.⁷⁴ Each unit will sell for about \$40,000. Habitat will provide each buyer with an "interest free" mortgage and in return expects each buyer to put in about 500 hours of "sweat equity" in building the house. Habitat will rely primarily upon donated labor and materials for construction of the units. Funds for purchase of the lots were raised through donations from individuals and churches. Habitat has also purchased another lot from the City which it will develop when it completes the Elma Street project. The Elma project is Habitat's first involving new construction. The organization began rehabilitation to correct code violations on two structures in November 1987, one in Mount Pleasant and one in South Providence.

Women's Development Corporation. The Women's Development Corporation's participation in housing development and rehabilitation programs dates back to the mid 1970s when the Section 8 program began. The organization's focus is on new construction and rehabilitation of multi-family housing and the WDC relies on a variety of sources of financing -- Section 8, CDBG, Rental Rehabilitation grants, HODAG, Rhode Island Housing, and area banks. Using funds from a variety of sources, both public and private, WDC was involved in the construction and/or rehabilitation of 112 rental units last year. Most of the housing units assisted by WDC were located in the Elmwood neighborhood area (72 units) or the East Side (40 units) and involved two-, three-, and four-bedroom units.

Smith Hill Center. The Smith Hill center is active with owner- and renter-occupied rehabilitation in the Smith Hill neighborhood. The Center receives its funding from many sources including the United Way, City of Providence (CDBG, Rental Rehab), Rhode Island Housing, and the Providence Preservation Society (CDBG). In 1987, the Smith Hill Center participated in the rehabilitation of about 77 multi-family units.

Sueno Housing. Sueno Housing is a new housing development nonprofit organization that was created in October 1987 to purchase and rehabilitate multi-family housing in the Smith Hill neighborhood. Sueno Housing receives its funding from local banks, foundations and the Smith Hill Center. Currently, Sueno Housing is working on its first project, the purchase and rehabilitation of a vacant three-family home.

Interfaith Housing Corporation. The Interfaith Housing Corporation is an arm of the Rhode Island State Council of Churches and facilitates churches' efforts at assisting the housing and social services needs of low-income families within their communities. Currently, the organization has not produced any housing although it is presently working with the City of Providence and Rhode Island Housing to construct 100 new housing units on about 40 tax delinquent properties; the City will provide the land parcels and Rhode Island Housing will provide the construction financing. These units will then be made available to participants under the Governor's newly announced rental subsidy program in an effort to hold down the rental costs to tenants.

Omni Development Corporation. The Omni Development Corporation is involved with the development, management, and resale of single- and multi-family housing in South Providence. In 1986, Omni Development received funding from the Ford Foundation and from Rhode Island Housing for Friendship Place, a development of five single-family units.⁷⁵ The units sold for \$60,000 and buyers were given below market rate loans between five and seven percent. Buyers must have an income less than \$32,000 and remain in the home for 10 years, or pay back the full market value if the property is sold

⁷⁴ Donald D. Breed, "Christian Group Plans 2 Duplexes on Elma St.," Providence Journal, May 12, 1988, p. E1.

⁷⁵ See Tony DePaul, "Friendship Place Shines Amid Rubble," Providence Journal, March 23, 1988, p.1 and Brian C. Jones, "Subsidies Allow New House for \$60,000," Providence Journal, March 31, 1988, p. D1.

prematurely. Omni Development received \$300,000 in construction financing from the Rhode Island Housing and Mortgage Finance Corporation, and land parcels from the Providence Redevelopment Authority. Omni Development Corporation will break ground this summer for a 51 unit (two- and three-bedrooms) development in Upper South Providence.

McAuley House. McAuley House will begin construction in July 1988 of a 22 unit development, McAuley Village, in the Upper South Providence neighborhood. The development, consisting of 12 two-bedroom apartments, 8 three-bedroom apartments, and two four-bedroom apartments, is for single parent families and will also provide day care and employment counseling services to tenants.

Stop Wasting Abandoned Property. SWAP, one of the City's more established nonprofit housing organizations, sponsored the rehabilitation and new construction of five multi-family and 2 single-family properties during 1987. Construction financing was provided by a local bank.

Elmwood Neighborhood Housing Services. In 1987, Elmwood Neighborhood Housing Services provided financing from its revolving loan fund (funding sources include the Neighborhood Reinvestment Act, the Rhode Island Foundation, and the City of Providence) for six multi-family rehabilitation projects in the Elmwood neighborhood. In addition, ENHS directly produced six units of housing, three two-family buildings, of which two were purchase and rehabilitation and one was new construction. The new construction project was financed through a local lending institution at slightly below market rates; the purchase and rehabilitation projects were funded with conventional financing, UDAG funds, and ENHS funds.

Rhode Island Housing Partnership. The Rhode Island Housing Partnership is a local version of housing partnerships in Boston, Chicago, and other cities. The objective of the Partnership is to increase the flow of funds and to provide technical assistance to community based organizations for the development of affordable housing in Rhode Island cities and towns. Rhode Island Housing has set aside \$1.0 million for the Partnership and another \$1.0 million is to be raised from private, for-profit firms and philanthropic organizations. The Partnership's Board of Directors contains representatives from private, public, and nonprofit sectors (Table 23).

Summary

This section has provided a brief review of the activities of nonprofit housing organizations in Providence. The project descriptions and community organizations listed above are illustrative of the role of nonprofit housing organizations in Providence. We point out, however, that our review leaves out some organizations, not because we feel their activities are insignificant, but because some organizations chose not to respond to our survey or to provide us with the additional information we requested. Other organizations were excluded from our survey because we were unaware of their existence. For example, Casimir Kolaski, Manager of HUD's Providence Office, pointed out to us six nonprofit housing sponsors of Section 8/202 housing for the elderly and handicapped that have developed 450 units of new construction multi-family housing.⁷⁶ One of them, the Providence Center, has a commitment of 21 additional units which should start construction in 1989. Kolaski further notes that the Section 202 program is still active and provides both mortgage financing and rental subsidies to nonprofit developers of elderly and handicapped housing.

⁷⁶ These organizations are: East Side Housing Corporation, Wanskuck Housing Corporation, The Providence Center, Grace Church Housing Corporation, Islamic Housing Corporation, and St. Elizabeth Housing Corporation.

Table 23. Rhode Island Housing Partnership, Board of Directors

Name	Organization
<i>OFFICERS</i>	
Thomas Dimeo, Chairman	Dimeo Construction Co.
Sandra Sullivan, Secretary	State of Rhode Island
Nicolas Retsinas, Treasurer	Rhode Island Housing and Mortgage Finance Corporation
<i>DIRECTORS</i>	
Richard Ahlborg	O. Ahlborg & Sons, Inc.
Rev. Richard Brown	RI Council of Churches
Paul Choquette	Gilbane Building Company
B. Jae Clanton	Urban League of Rhode Island
Ruth Durrett	Public Housing Tenants Association
Melvin Feldman	Brown University
Father Roger Fortin	Diocese of Providence
Rabbi Wayne Franklin	Temple Beth-El
Joseph Garlick	City of Woonsocket
George Grayboys	Citizens Bank
Alan Hassenfeld	Hasbro Bradley, Inc.
Robert Higgins	Fleet National Bank
Carl Johnson	Eastland Bank
Toua Kue	Indochinese Advocacy Project
Glenn Kumekawa	University of Rhode Island
Arthur Markos	The Providence Foundation
Thomas Moses	City of Providence
Raymond Neirinckx	RI Community Reinvestment Association
Carlos Pedro	Ser-Jobs for Progress
Debra Smith	Old Stone Bank
Thomas Whitten	John Hope Settlement House
Rev. Virgil Wood	Black Ministerial Alliance
Henry Woodbridge, Jr.	RI Hospital Trust National Bank

HOUSING CONDITIONS IN THE CITY OF PROVIDENCE

We conclude our examination of policy responses to the housing problem with a brief discussion of housing conditions in the City of Providence. One of the most difficult aspects of our study concerned collecting information on the condition of Providence's housing stock. In our discussions with officials at the Department of Planning and Development, the Providence Housing Authority, and the Rhode Island Housing and Mortgage Finance Corporation, no one could point to a recent, comprehensive data source documenting the state of the City's housing stock. The Department of Planning and Development occasionally conducts windshield surveys of various neighborhoods, but had not completed a comprehensive citywide survey in several years. As part of the City's revaluation, conducted by SABRE Systems during 1987, every building and land parcel in the City was rated on a five-point scale of poor, fair, average, good, and very good. Although based on qualitative assessments and in many instances limited to exterior evaluations, the SABRE Systems data represents the most recent and comprehensive data on housing conditions in the City of Providence.

We examined the SABRE Systems building condition data for three types of residential property: single-family homes, two-to-five family buildings, and apartment buildings (six or more units).⁷⁷ Table 24 reports the percent of buildings classified as "poor" or "fair" by neighborhood area for each type of residential property. Overall, about one in five residential buildings in the City were classified as being in either "poor" or "fair" condition.⁷⁸ However, these percentages vary dramatically by neighborhood and by type of property. In three neighborhoods (Lower South Providence, Upper South Providence, and the West End) more than half of all residential buildings were coded by the SABRE estimators as in "poor" or "fair" condition (Figure 7). At the other end of the scale, six neighborhoods (Blackstone, Charles, Elmhurst, Manton, Mount Pleasant, and Reservoir) had less than five percent of their residential buildings classified as being in poor or fair condition by SABRE.

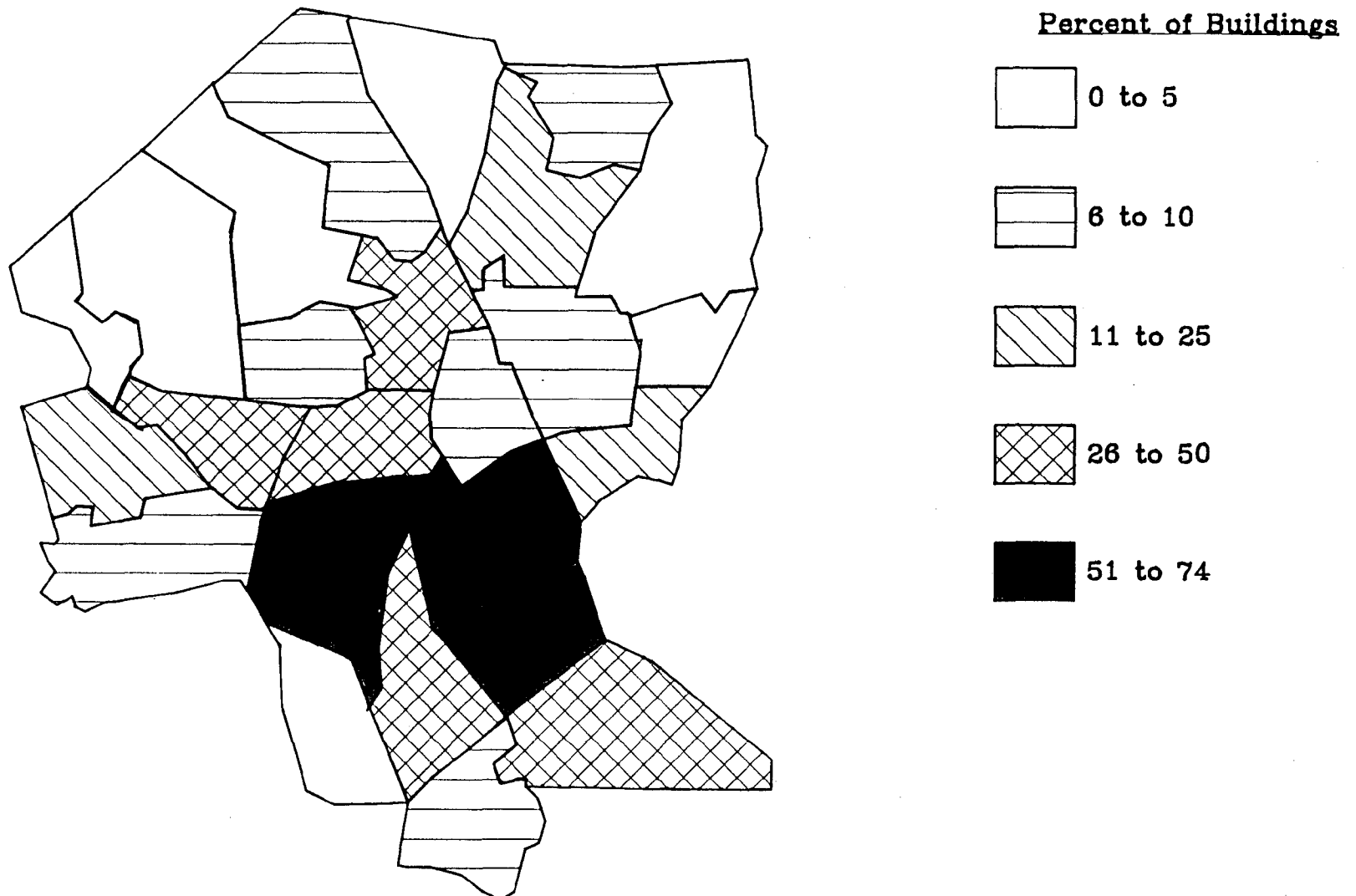
⁷⁷ We excluded from our analysis the following two classes: (1) combination properties (for example, retail on the first floor, residential on the second), and (2) residential condominiums, for which no building condition data was reported.

⁷⁸ SABRE estimators used a five-point scale of excellent, good, average, fair, and poor to rate the quality and design of dwelling units. It is important to note that these are composite judgements of overall quality and design and may not reflect the quality of all individual major components. Fair condition was defined as "dwellings constructed with economy quality materials and fair workmanship throughout. Void of architectural treatment. Cheap quality interior finish with minimal built-in features. Minimum code, standard grade mechanical features and fixtures." Poor condition was defined as "dwellings constructed with a very cheap grade of materials, usually 'culls' and 'seconds' and very poor quality workmanship resulting from unskilled, inexperienced 'do-it-yourself' type labor. Minimal code, low-grade mechanical features and fixtures."

Table 24. Condition of Residential Properties by Type and Neighborhood Area

Neighborhood	Single-Family Homes		2-5 Family Structures		Apartment Buildings (Six or More Units)		Total Residential Buildings	
	Number of Buildings	Percent Poor/Fair	Number of Buildings	Percent Poor/Fair	Number of Buildings	Percent Poor/Fair	Number of Buildings	Percent Poor/Fair
Blackstone	1,674	1.9	391	7.4	13	7.7	2,078	3.0
Charles	731	1.8	569	7.0	39	23.1	1,339	4.6
College Hill	378	4.0	260	12.7	80	13.8	718	8.2
Downtown	6	0.0	2	50.0	17	5.9	25	8.0
Elmhurst	2,292	1.1	777	2.3	12	0.0	3,081	1.4
Elmwood	435	28.3	958	54.0	99	47.5	1,492	46.0
Federal Hill	122	24.6	756	26.1	144	38.9	1,022	27.7
Fox Point	187	11.8	614	13.2	87	39.1	888	15.4
Hartford	610	6.1	569	25.0	10	70.0	1,189	15.6
Hope	619	6.1	396	7.6	5	0.0	1,020	6.7
Lower South Providence	360	52.2	554	50.0	11	45.5	925	50.8
Manton	392	2.8	242	4.1	5	0.0	639	3.3
Mount Hope	297	12.8	599	17.2	43	14.0	939	15.7
Mount Pleasant	1,162	2.3	852	4.6	11	0.0	2,025	3.3
Olneyville	85	21.2	567	36.7	43	48.8	695	35.5
Reservoir	427	2.3	236	5.5	1	0.0	664	3.5
Silver Lake	500	6.2	1,111	10.6	16	12.5	1,627	9.3
Smith Hill	159	22.0	766	35.9	34	47.1	959	34.0
South Elmwood	243	2.1	97	17.5	6	0.0	346	6.4
Upper South Providence	105	39.0	335	75.5	57	33.3	497	63.0
Valley	141	7.8	550	9.6	12	8.3	703	9.2
Wanskuck	923	2.5	778	8.1	85	8.2	1,786	5.2
Washington Park	898	23.4	607	54.2	10	60.0	1,515	36.0
Wayland	338	3.8	246	6.1	61	6.6	645	5.0
West End	382	39.8	1,447	61.7	111	50.5	1,940	56.8
Total	13,466	8.5	14,279	26.3	1,012	30.5	28,757	18.1

Figure 7
Residential Properties in Fair or Poor Condition
Providence Neighborhood Areas



As could be expected, single-family homes were found to be in the best condition. Less than 10 percent of the single-family homes in the City are in poor or fair condition. However, in some neighborhoods, particularly those near downtown and in South Providence, a substantial share of single-family homes are in poor or fair condition (Table 24, Appendix Figure A-14): more than half of the homes in Lower South Providence, nearly 40 percent of the homes in Upper South Providence and the West End, and more than 20 percent of the homes in Elmwood, Federal Hill, Olneyville, Smith Hill, and Washington Park were classified as poor or fair.

A much higher proportion of the City's multi-family buildings are in poor or fair condition. About one-fourth of the two-to-five family structures and one-third of the apartment buildings were classified by SABRE estimators as in poor or fair condition. The data show that the rental housing stock is most deteriorated in South Providence where more than one-half of the two-to-five family buildings in those neighborhoods are in poor or fair condition (Table 24, Appendix Figure A-15). In Upper South Providence, three out of every four buildings were described to be in poor or fair condition. Although considerably smaller in number, the incidence of poor or fair building condition was greatest among the City's apartment buildings. In three neighborhoods (Hartford, Washington Park, and the West End) more than one-half of the apartment buildings were in poor or fair condition (Table 24, Appendix Figure A-16). However, in two of these neighborhoods (Hartford and Washington Park) there were only 10 apartment buildings.

In summary, this brief review of housing conditions in Providence suggests that a significant share of the City's housing stock is in need of rehabilitation. While residential buildings classified as in poor or fair condition by the SABRE estimators could be found in all neighborhoods and among all classes of residential property, the data show that rehabilitation needs are greatest for a few specific neighborhoods, particularly those in South Providence, and for multi-family buildings. We point out, however, that the SABRE Systems data do not allow one to identify dwelling units with code violations or the severity of those violations.

III. HOUSING POLICY INNOVATIONS IN OTHER STATES AND CITIES

For many years, housing assistance for low- and moderate-income persons was viewed as a federal responsibility. The federal government built up an arsenal of financial and programmatic instruments aimed at increasing the supply of housing as well as helping people make housing more affordable through rental assistance and home mortgage subsidy programs. During the 1980s many of these instruments have been severely cutback or eliminated. Increasingly, however, state and local governments around the country have recognized the importance of housing and have undertaken new or expanded initiatives. In this section we discuss some of these approaches to the housing problem and comment on their applicability to address housing affordability concerns in the City of Providence.

Rent Control

One of the most widespread but controversial methods of dealing with high housing costs is rent control, the regulation of rental payments by law. Some 200 American municipalities and counties now regulate rents, most of which are either in New Jersey (110) or New York (66). Some form of rent control also has been adopted by local governments in Massachusetts, Virginia, Maryland, Alaska, Connecticut, and California, where one-fourth of all rental units are controlled. Nationally it is estimated that 10 percent of the housing stock is under some form of control. Clearly, citizens and officials in many parts of the country have supported the concept of public regulation of rents.

Before the 1960's most rental regulation was "restrictive," that is, rental amounts were set by law or regulation without regard for the impact of those amounts on the ability of landlords to maintain a given level of return on their investments. New York City has been the classic example of restrictive controls, often cited for both the Byzantine complexity and the inequity of rules that guarantee low rents for numerous rich people while discouraging construction of apartments that low-income families could afford. For instance, the *New York Times* recently pointed out that:

...half of all stabilized housing -- more than 400,000 units -- rents for less than \$363 a month. But much of this is locked up and kept off the market by long-term occupants, many of whom could well afford to pay more for rent. Those truly in need of low-rent apartments are therefore deprived of housing opportunities by the system of rent regulation that was intended for their protection.⁷⁹

Studies of such restrictive controls generally agree that they discourage investment in new housing construction, they discourage maintenance of the existing housing stock, and thus lead to an overall decline in rental property values and availability.

⁷⁹ John J. Glibert, 3d, "Answer to High Rents Of New York: Subsidies," *New York Times*, July 27, 1988, p. A24.

Recognizing these problems, most cities that have adopted rent controls since the 1970s have designed ordinances that can be called "moderate" rent controls. These moderate policies vary considerably, but their common intent is to balance the interests of the landlord and tenant. Landlords typically are guaranteed a "reasonable" or "fair" or "responsible" return on their investments, while tenants are protected against "excessive" rent increases, or rent "gouging." Fair rates of return are determined in a variety of ways, for example, in relation to local passbook savings account interest rates, or the rate of inflation, or some other indicator that seems relevant. Allowable rent increases are also determined in a variety of ways, usually in relationship to current conditions in the local housing market. In addition, most moderate policies exempt new construction, either on the initial rent determination or for a specified period of time; they require adequate maintenance; they guarantee annual increases to cover increases in operating costs; they permit applications for "hardship" increases; and they often include "vacancy decontrol" -- a unit is exempted from controls when it becomes vacant. As these kinds of provisions make clear, investor and landlord interests are carefully protected and, in return, tenants are protected against unusually large or rapid increases in their rents.

Studies that have analyzed moderate rent controls suggest that their consequences are largely insignificant, and may even be perverse. In a study that compared average rents for 26 rent-controlled and 37 non-controlled New Jersey cities in 1970 and 1980, for example, Gilderbloom discovered that moderate rent control made no difference at all: rents went up by 105 percent in the controlled cities and by 106 percent in the non-controlled communities. When he then broke these communities down into three categories -- urban, urban-suburban, and suburban -- he discovered that controlled "urban-suburban" cities had a *higher* rate of increase (133 percent) than uncontrolled cities in that category (104 percent). Indeed, as Table 25 shows, mean rents in 1980 were actually higher in all three city categories of controlled cities than in uncontrolled cities. Gilderbloom later confirmed these results in a more sophisticated statistical analysis that reported monthly rents \$25 higher in controlled than in uncontrolled cities.⁸⁰ Another study of 101 New Jersey cities found that average room rents were eight percent higher in controlled cities and that, again, there was no statistically significant difference in overall contract rent between controlled and uncontrolled communities.⁸¹ Still other studies, from Cambridge, Massachusetts to Fairbanks, Alaska, have confirmed that moderate controls not only fail to lower rents, but may in fact help to increase them.⁸²

These studies make clear that many of the heated criticisms of rent control made by the real estate industry are unfounded: rent control in its moderate form is far less significant than other economic conditions in determining the profitability of investment.⁸³ The studies also suggest, however, that moderate controls would not lower rents and thus would be of little value to low-income citizens. Apart from stabilizing and regularizing the process of increasing rents, in other words, moderate rent controls do not appear to address the central problem of affordable housing.

⁸⁰ John I. Gilderbloom, "The Impact of Rent Control on Rent in New Jersey Communities," *Sociology and Social Research* 71 (October 1986): 11-14.

⁸¹ Dennis Heffley and Rex Santerre, "Rent Control as an Expenditure Constraint: Some Empirical Results," Paper presented at the 1985 annual meeting of the Eastern Economic Association. (Cited in Gilderbloom and Appelbaum, Rethinking Rental Housing, p. 140.)

⁸² See for example, John Mollenkopf and Jon Pynoos, "Boardwalk and Park Place: Property Ownership, Political Structure and Housing Policy at the Local Level," In Jon Pynoos, Robert Schaffer, and Charles Hartman, eds, Housing Urban America (Chicago: Aldine, 1973).

⁸³ See for example John I. Gilderbloom, "Moderate Rent Control: Its Impact on the Quality and Quantity of the Housing Stock," Urban Affairs Quarterly 17 (December 1981): 123-142.

Table 25. Mean Rent Increases, 1970-1980, for Rent Controlled and Nonrent Controlled Cities.

Locations	Rents (\$)		Increases	
	1970	1980	Percent	Dollars
Rent Controlled Cities (n=26)	136	279	105	143
Urban (n=10)	113	219	94	106
Urban-Suburban (n=8)	143	333	133	190
Suburban (n=8)	159	300	89	141
Nonrent Controlled Cities (n=37)	122	251	106	129
Urban (n=8)	97	207	113	110
Urban-Suburban (n=12)	119	243	104	124
Suburban (n=17)	147	278	89	131

Housing Trust Funds

With the decline in Federal assistance for low-income housing programs, state and local governments have begun to search for new revenue sources to finance housing assistance activities. Several state and local governments have turned to the creation of housing trust funds which pool revenues from many sources and direct these funds into a variety of housing production programs.⁸⁴ Revenues that have been earmarked for housing trust funds have come from a variety of sources. For example, Montgomery County, Maryland, uses proceeds from a four percent transfer tax on the initial sales of condominiums and cooperative units to provide rent subsidies for new rental units. San Francisco and Boston use the proceeds from their housing linkage programs in which developers make a contribution based on the size of their developments. In California, revenues from offshore oil taxes are earmarked for its housing trust fund. Connecticut established a rental housing assistance trust fund in 1986 financed from private contributions; in return for their donations, business receive a deduction and a 50 percent state corporate tax credit. Florida, which also created its fund in 1986, used general appropriations. In Atlantic City, taxes on hotel rooms and entertainment finance its trust fund. In Denver, sale of urban renewal land will provide the initial capitalization of its housing trust fund. In Los

⁸⁴ For an overview of housing trust funds see Mary K. Nenno, New Money and New Methods (Washington, D.C.: National Association of Housing and Redevelopment Officials, 1986) and Douglas R. Porter, "Housing Trust Funds: A Bad Idea Whose Time Has Come?" Urban Land (February 1987): 34-35.

Angeles, more than \$150 million in tax increment financing has been raised from a nearby urban renewal area to finance second mortgages for the lower middle class in the city's Vista Montoya development.⁸⁵

In other communities, trust funds have been established from the paybacks of federal grant programs. In Rochester, New York, a City Development Fund was established in 1986. According to the City, "the objective of the fund is to provide development incentives which leverage private investment in the City's housing stock, enhance the tax base and retain and create jobs."⁸⁶ The fund is capitalized from loan and interest repayments received from Urban Development Action Grant loan recipients. Based on currently approved projects, the City expects to receive more than \$1.0 million per year in UDAG repayments. About half of these revenues have been set aside specifically for housing development activities. Utilization of the City Development Fund will not only leverage private investment, but will also generate additional repayments that can be used to fund new loans in subsequent years.

Special housing funds that embrace some of the concepts behind Housing Trust Funds have been developed or are in the process of being developed by Rhode Island Housing, the City of Providence, the Providence Company, and the Rhode Island Housing Partnership. However, none of the capital pools set up by these organizations embody the fundamental principal behind a trust fund, that is, the earmarking of revenues from a dedicated funding source into a special fund from which the receipts are targeted for housing development. We encourage these organizations to continue to explore mechanisms for generating investment pools for affordable housing initiatives with an aim towards finding a long-term revenue source for housing development and rehabilitation.

Tax Strategies for Housing Development

In addition to direct public subsidies, such as grants or below-market interest rate loans, some communities have adopted more indirect methods for stimulating housing rehabilitation and/or new construction. For example, New York City offers tax abatements for housing rehabilitation,⁸⁷ and Pittsburgh and Allegheny County, Pennsylvania, allow exemptions for a particular time period from increases in property taxes to stimulate housing rehabilitation.⁸⁸

In a few communities, a two-tier property tax system is employed to encourage rehabilitation and development. Under such a tax system, the property tax rate on buildings is set lower than that on vacant land on the theory that a lower tax rate for buildings will make new construction and rehabilitation more profitable, and that a higher tax rate on vacant land will encourage property owners to develop their land. In Pennsylvania, where the State Legislature has granted local governments the authority to implement a two-tier tax system, eight cities already tax land at a higher rate than buildings. According to one observer, in each city, the two-tier system has generated new construction greater than that of neighboring

⁸⁵ Charles Radin, "Solving the Housing Crunch," The Boston Globe, September 14, 1986, p. A15.

⁸⁶ City of Rochester, Community Development Program, Final Statement, 13th Program Year (Rochester, NY: Department of Community Development, 1987), p. 23.

⁸⁷ R. Andrew Parker, "The Use and Abuse of Local Tax Incentives for Development: Housing and Economic Development in New York City," Public Administration Quarterly (Spring 1984): 44-67.

⁸⁸ HUD, Rehabilitating Rental Housing, p. 5.7.

communities with a unitary property tax rate.⁸⁹ In Pittsburgh, where property tax rates changed in 1980 from 6 percent for both land and buildings to 15 percent on land and 2.7 percent on buildings, the number of building permits quadrupled following the adoption of a two-tiered property tax.

Other tax policy instruments have been used by city governments to stimulate production of affordable housing. As noted above in our discussion of housing trust funds, some communities have earmarked all or a portion of the revenues from real estate transfer taxes for the development of low- and moderate-income housing. In other instances, local taxes have been instituted to try to protect low-income residents from the pressures of rapidly changing housing markets. Anti-speculation taxes have been instituted in a few communities to discourage the rapid turnover of real estate.

In summary, we feel tax policy offers an opportunity for city officials to provide an additional incentive to property owners and investors for the development and rehabilitation of affordable housing. We encourage city officials to further explore housing policy options of this type.

Linkage

The concept of linkage originated in San Francisco in 1979 and has since spread to a number of cities including Boston, Palo Alto, and Santa Monica. A few other cities, including Philadelphia, Chicago, New York, Seattle, Hartford, and Jersey City, are either currently considering linkage or have done so in the recent past. Like many other concepts in the area of housing policy, linkage has been used rather loosely to refer to many things that it is not, including incentive zoning, housing trust funds, and inclusionary zoning.

According to a recent review of linkage programs by Goetz, they include the following elements:

- (1) a mandatory requirement made of developers solely as a condition of permit approval;
- (2) the provision of social benefits by developers through in-lieu fees, services, facilities, or employment; and
- (3) a range of social program amenities such as housing, child care, transportation and/or art.⁹⁰

Linkage programs vary along several dimensions, including the type and location of development projects regulated, methods of compliance (for example, in-lieu payments versus direct construction of housing by commercial developers), and type and location of beneficiaries.⁹¹ Linkage programs do not always result in housing development and in cases where housing development results, it is not always low- and moderate-income housing. For instance, neither the San Francisco nor Santa Monica linkage programs require 100 percent low- and moderate-income housing development.

Studies of city experiences with linkage programs indicate they will only work in a few select cities that are simultaneously experiencing a downtown commercial development boom and a very tight housing market. In those types of environments linkage programs work well. For example, in San

⁸⁹ Based on research done by Steven Cord, Research Director of the Center for the Study of Economics, Columbia, MD. Cited in Charlotte F. Ahern, "Two-Tier Property Taxes May Aid Municipalities," City and State, May 23, 1988, p. 31.

⁹⁰ Edward G. Goetz, "Office-Housing Linkage Programs: A Review of the Issues," Economic Development Quarterly 2 (May 1988): 182-196.

⁹¹ *Ibid.*, pp. 186-189.

Francisco, the City's linkage program has generated more than \$27 million in a little over five years and directed those revenues into the development of more than 5,200 housing units; of those, about two-thirds have completed construction and another one-fourth are currently under development.⁹² Observers of linkage programs warn, however, that linkage is not likely to work in other types of communities, and it may in fact, scare development away.

In Providence, developers of large commercial, retail, and residential projects that receive substantial public assistance (for example, grants, low-interest loans, land write-downs, tax concessions) are being asked to make a financial contribution to a neighborhood development fund. To date, agreement between the City and the developer has been reached on one project, India Point Luxury Condominiums. Under the terms of that agreement, the developer will contribute \$10,000 to the neighborhood development fund for each of 124 condominium units sold for a total projected contribution of \$1.2 million. We applaud city officials for their creativity in negotiating this agreement and urge city officials to continue to seek such returns on all major public investments. However, we also point out that such opportunities are likely to be few in number and will only be successful in developing affordable housing units when combined with other sources of funding.

Public-Private Partnerships

A recent compilation of innovative state and local responses to Federal cutbacks in low-income housing assistance heralds public-private partnerships as "an important new kind of housing delivery system."⁹³ In cities of all sizes and in all regions of the country, partnerships among state and local governments, corporate and financial institutions, and community-based organizations have been formed to respond to the need to increase the supply of low-income housing in their communities. Each type of participant brings important experiences and resources to the partnership, including planning, financing, construction, and management skills. Two of the partnerships that have received the most attention are those found in Boston and Chicago.

The Boston Housing Partnership (BHP) was formed in 1983 and in January 1985, began a rehabilitation program designed to renovate 700 housing units in 70 multi-family buildings.⁹⁴ The partnership consists of representatives from the City of Boston, local lending institutions, major insurance companies, investment bankers, and neighborhood-based nonprofit organizations. The housing units developed will be made available exclusively to low- and moderate-income households and rents, which are anticipated to average below \$300 per month, will be subsidized through both a fifteen-year state rental subsidy program and the federal Section 8 existing housing program. Financial resources assembled by the partnership include \$22.3 million in tax-exempt financing from the Massachusetts Housing Finance Agency, \$4.5 million in CDBG funds from the City of Boston, and \$8.8 million in equity through syndication proceeds. Because the Partnership has assumed responsibility for developing the financial resources, the ten nonprofit neighborhood organizations participating in the Partnership devote their

⁹² Edward G. Goetz, "An Evaluation of the San Francisco Office-Housing Production Program," American Planning Association Journal (forthcoming).

⁹³ Michael A. Stegman and J. David Holden, Nonfederal Housing Programs and Michael A. Stegman and J. David Holden, "Public/Private Partnerships Promote Low-Income Housing," Urban Land (June 1987): 12-17.

⁹⁴ Description of the Boston Housing Partnership is based on David H. Kirkpatrick, Mary Ann Dillon and Susan Bloch, "Local Trends in Nonprofit Housing Production," Economic Development and Law Center Report (Winter 1986): 13-19; Stegman and Holden, Nonfederal Housing Programs, Chap. 8; and Beth Weiksnar, "The Boston Housing Partnership," Urban Land (December 1987): 13-16. Also see Raymond L. Flynn, "Federal/City Partnerships: A New Housing Agenda," Journal of Housing (November/December 1987): 233-240.

energies to identifying buildings for rehabilitation, supervising and monitoring construction and rehabilitation, tenant selection, and property management.

The Chicago Housing Partnership was formed in 1985 and consists of six types of partners: the City of Chicago, the Chicago Equity Fund, the Community Equity Assistance Corporation, major lending institutions, the Local Initiative Support Corporation, and neighborhood-based housing organizations.⁹⁵ The Chicago Equity Fund was created especially for the partnership and provides corporations with the opportunity to participate in equity financing of Partnership-sponsored housing rehabilitation projects. The Community Equity Assistance Corporation, a subsidiary of LISC, is designed to be a "one-stop" resource center where neighborhood organizations can get technical assistance in putting together feasible plans for their development projects. Permanent financing for CHP projects is provided through three Chicago banks and a consortium of savings and loan associations. In addition, the City of Chicago has allocated about \$15 million in CDBG funds for deferred second mortgages which bring the overall interest rate down to about six percent when these two sources of funds are combined. Equity investment is provided through the Chicago Equity Fund.

In summary, the brief descriptions of the public-private housing partnerships in Boston and Chicago emphasize their most distinctive features -- numerous participants and complex financing arrangements. The partnerships in both of these cities have been very successful in generating housing development during an era of federal retrenchment. It is highly unlikely that we will return to the days of 100 percent federally subsidized housing development, or that federal funds for housing will completely vanish. Instead, cities must develop the capacity and the leadership to create true working partnerships among public, private, and nonprofit organizations to provide the technical and financial resources necessary for the development of low- and moderate-income housing. According to one recent review of neighborhood housing initiatives, in those communities where public-private partnerships have been most successful in generating low income housing, city governments have played an important role.

"Government is central to true partnerships. In every locality where a community organization has produced housing on a large scale and has revitalized the economic base, the city has made this happen... Agencies at the city and state level can be powerful, setting the preconditions for these partnerships. The more comprehensive the approach, the greater the likelihood of significant success. This means (1) creating strategic plans with full involvement of organizations representing the affected communities, (2) designing ordinances and programs that require the private sector to work in true partnership with the community sector, (3) providing [a] full range of capacity-building support mechanisms for community-based organizations, and (4) developing pools of financial resources available for neighborhood participation. It takes a conscious decision to use neighborhood groups as full partners. The history of neighborhood development justifies this trust."⁹⁶

We feel the creation of such a housing partnership is an important initiative that warrants the attention and commitment of city officials and we urge those organizations active in the development and rehabilitation of housing in the Providence community -- corporations, lending institutions, developers,

⁹⁵ Description of the Chicago Housing Partnership is based on Kirkpatrick, Dillon, and Bloch, "Local Trends in Nonprofit Housing Production," and Stegman and Holden, *Nonfederal Housing Programs*, Chap. 8.

⁹⁶ Alice Shabecoff, "Neighborhood Housing: Development Innovations," *Journal of Housing* (July/August 1987), p. 110.

construction companies, nonprofit organizations -- to work with the City in establishing a housing partnership.

Summary

In concluding this section on housing policy innovations in other states and communities we point out that many of these, such as housing trust funds, linkage, and public-private partnerships, are currently either under consideration or in some stage of use in Providence. Others, such as rent control, do not appear to be viable options for increasing the supply of affordable housing. The point we wish to emphasize based on our review of housing policy options is that there are no panaceas or magic cures. Indeed, as our discussion in this and the previous section points out, the City already is taking a number of actions to provide affordable housing for its residents. The problem, however, is that too often these responses are uncoordinated with one another, or are undertaken at a level too small to have much of an impact. In the next section, we present a series of proposals outlining the steps we feel the City should take to institute an affordable housing strategy and provide specific recommendations designed to implement that strategy.

IV. RECOMMENDATIONS

Toward A Housing Strategy for the City of Providence

One conclusion that emerges clearly from our review of housing activities in Providence is that a great deal is already being done to provide more affordable housing for city residents. Many talented city, state and federal officials are working on the problem, implementing good programs, often with the cooperation of equally talented neighborhood and non-profit groups. Much remains to be done, of course, but city officials have been concerned, they have been involved, and they have had considerable success. We stress this point because, in thinking about future policy, the issue is not "what to do," but rather "how can we build on what is being done to increase the supply of affordable housing?"

We believe the answer to this question comes in two parts. One part includes a number of specific proposals to improve current programs or adopt new ones. For such proposals to make sense, however, we need another part, which is a consideration of more general issues that affect specific program actions -- in short a strategy. Accordingly we begin this section with a call for a six-part housing strategy for the City:

1. Commitment. Where is affordable housing on the City's political agenda? We have talked to many fine and dedicated public servants -- Council President Easton and Mayor Paolino among them -- who are deeply concerned and anxious to do more to provide affordable housing. Nevertheless, housing does not appear to be widely regarded as an urgent priority. We doubt, for example, that many citizens realize how important affordable housing is for the economic as well as the social future of the City. The housing affordability issue is linked to the quality of the City's workforce which is essential for attracting new employers to the City and maintaining existing companies. The lack of adequate numbers of affordable housing units poses a serious threat to the vitality of the City's economic base should employers decide to take their jobs and taxes to other communities where housing is more affordable for their employees. To significantly improve our ability to provide such housing, therefore, we need to move housing to a higher position on our political agenda. Affordable housing must become, in practice and in perception, an urgent priority.

2. Capacity. The first consequence of giving higher priority to affordable housing should be to improve the capacity of local organizations to produce such housing. We believe, for example, that the City's Department of Planning and Development is seriously understaffed and will remain understaffed even with the addition of another position for housing programs. The Department has excellent leadership and many outstanding program managers; it should be expanded and encouraged to develop a more aggressive housing development role. Similarly, the City has a number of excellent nonprofit and neighborhood housing organizations. But, as we shall note, these organizations need help. One service an expanded Department of Planning and Development might provide is the provision of technical assistance to nonprofit and neighborhood housing organizations. Unless technical assistance is made available to such organizations, they will fail to achieve their potential for the production of affordable housing.

3. Coordination. Our review of the many programs currently active in Providence makes very clear that the City government is only one among many organizations actively pursuing affordable housing. It is equally clear, therefore, that a city strategy must be one that includes the interests of these

various organizations. We believe that a more open and aggressive effort to promote coordination is an effective way to increase the resources available for affordable housing in the City. There is no doubt, for example, that improved coordination and communication between the City, the Providence Housing Authority and HUD has been instrumental in securing millions of additional federal dollars for low-income housing. This example suggests that an active posture of seeking and promoting cooperation among organizations should be maintained and extended.

4. Leveraging. We have shown that Providence does less well than many other comparable cities in attracting private funds to supplement its own housing dollars. For both political and administrative reasons, officials here prefer to simply grant funds to applicants rather than engage in the more complex process of negotiating shared contributions, or loans. The results are less investment in housing than otherwise would be made, and a focus on cosmetic rather than structural improvements. Although we understand the local obstacles to a leveraging strategy, we believe an effort should be made to move in the direction of more shared, public-private, investments in housing.

5. Rehabilitation. The central problem in Providence is that the City is full; we desperately need to produce more units of affordable housing to accommodate a growing population. Yet, as we have seen, only a limited amount of land is available for new construction, particularly for low-income housing. Under these conditions we believe the major strategic goal of the City should be rehabilitation and improvement of the existing housing stock. Since the housing stock in Providence is generally old, the ability to perform structural repairs becomes especially important. In addition, we feel the city should take a greater role in encouraging the preservation of the existing housing stock through code enforcement.

We also believe that the City should coordinate its housing investments with other public investments in City neighborhoods such as streets and sidewalks, lighting, and public facilities. Mayer's recent study of rental rehabilitation in Berkeley, California reported that landlords were more likely to make repairs to their properties when the condition of streets, sidewalks, and gutters were well maintained and when surrounding properties were in relatively good condition compared to their own buildings.⁹⁷ Thus, public investments that finance infrastructure improvements and loan and grant programs that lower the costs of rehabilitation, *used in tandem*, can be an effective strategy for neighborhood improvement. The City has before it an excellent opportunity to implement such a strategy. The Providence Housing Authority is about to invest millions in new construction, much of it in South Providence neighborhoods where many rehabilitation efforts are already in progress. We believe the City should devise a plan to improve the infrastructure of these neighborhoods at the same time and use the results of that effort to develop a citywide neighborhood investment policy.

6. Leadership. While there are many actors involved in dealing with the housing affordability crisis in Providence, only one has a principal focus on the City as a whole and only one has a responsibility for the entire City -- that actor is the City Government itself. We believe it is extremely important, therefore, for the City to vigorously embrace its leadership role by educating citizens about the importance of affordable housing, by reaching out to developers and nonprofit organizations to stimulate new housing opportunities, and by aggressively pursuing all available resources, private as well as public, that might be made available to help alleviate the housing affordability crisis.

We recognize that there are those who argue against a leadership role for the City. Housing, they say, is a State problem rather than a City problem in Rhode Island. We disagree with that view, in part because the City already is deeply involved in a variety of housing programs -- as the information in this report makes abundantly clear. Given that involvement, the City's choice is not whether to participate, but whether to lead or follow. We believe further that the City is in a far better position to exert creative leadership at this time than either the State or national government: the economy is strong, City

⁹⁷ Neil S. Mayer, "Conserving Rental Housing," *American Planning Association Journal*, Summer 1984, pp. 311-325.

administrators have more detailed awareness than State or federal officials of housing conditions in city neighborhoods, and only the City can coordinate housing programs with other public expenditures for streets, parks, lighting, and the many other infrastructure improvements that contribute to providing "a decent home and a suitable living environment." Moreover, only the City is in a position to strategically address its housing needs with various city, State, and federal resources as State and federal officials approach housing issues in specific communities in an ad hoc fashion as it relates to individual projects or programs. With strong leadership, moreover, the City can position itself to take advantage of new housing legislation that will be considered by the next Congress. In our view, the City should move energetically to take advantage of the current window of opportunity.

Recommendations for Implementing Providence's Housing Strategy

City of Providence

- 1. The City of Providence needs to strengthen its capacity to formulate, administer, and monitor housing policies and programs.*

- 1A. Create a separate division within the Department of Planning and Development with specific responsibility for development and management of housing programs.*

Based on our review of various national studies and reports, and conversations with local government officials in Providence and other communities, we feel Providence needs to establish a specific organizational unit with responsibilities for housing program development and administration. Housing assistance is a much more visible enterprise in most communities than in Providence, and the City needs an organizational unit sole concerned with housing to serve as a focal point for the development, management, and evaluation of city policies and programs. The Director and Associate Director for Neighborhood Development of the Department of Planning and Development have primary responsibility for housing policy, but they have a host of other responsibilities as well, which means that housing often must compete with other issues for their attention. We believe the housing crisis is serious enough to warrant greater organizational commitment.

- 1B. Hire additional staff with expertise in the area of housing policy planning and administration.*

The Department of Planning and Development needs to increase the number of professional personnel with full-time responsibilities for housing. At a minimum, the department needs additional staff whose expertise includes housing needs assessment, program development, and evaluation. In comparison to many other communities, Providence has few professional staff within the Department of Planning and Development with backgrounds and prior experience in the housing field. For instance, in Albany and Syracuse, about one-half of the employees in each city's community development department have housing as their primary responsibility and in each city, two to three employees have full-time responsibility for housing policy analysis including such tasks as housing needs assessments, the development of new programs, and the evaluation of existing ones. The proportion of department employees assigned to housing is about one-third in Akron, Kansas City, and Hartford. In Providence, about one-fifth of the employees in the Department of Planning and Development have housing responsibilities; no one is assigned responsibility for housing policy analysis.

- 1C. The City should appoint a housing expeditor who would have primary responsibility for coordinating the City's housing efforts among the various federal, state, and local agencies.*

Even with increased staff in the Department of Planning and Development, there would continue to be extensive fragmentation in the housing policy delivery system. At all levels of government there are many different agencies involved in providing housing assistance. As we have noted throughout this report, there are many examples of government agencies initiating new programs which then experience substantial delays in implementation. To cut through these barriers to action we believe the City needs a housing expeditor, with sufficient authority to coordinate City programs, and sufficient status to negotiate effectively with state and federal officials. This individual might be placed within the Department of Planning and Development, which would have the advantage of administrative simplicity, or the new position might be located in the Mayor's office, which could give the position additional authority. Whatever the form, the function of coordinating the dozens of housing programs needs attention.

We recognize, of course, that coordination is easy to recommend but difficult to achieve, largely because it is often more a matter of attitude than anything else. Nonetheless, we are convinced that considerable progress toward achieving affordable housing in Providence can be obtained by more effective use of existing programs and resources. In many instances, this simply means finding the appropriate manner to translate programs into action and to develop strategies in which public and private investments in housing and related neighborhood improvements can be packaged together to complement one another.

- 1D. The City should increase the amount and level of technical assistance and outreach provided to nonprofit housing organizations.*

Providence's 1988 CDBG program budget allocates more than \$330,000 to neighborhood nonprofit housing organizations for general administrative support as well as housing development activities. Yet, there is little follow-up by the City in terms of what these organizations accomplish with block grant funds. While we recognize that a vibrant working partnership between the City and nonprofit organizations involves commitment from both partners, we urge city officials to explore ways in which an ongoing relationship designed to enhance the capacity of nonprofit organizations can be established, nurtured, and maintained to ensure that the City is getting the greatest return possible on public funds awarded to nonprofit organizations.

- 1E. Computerization of the Department of Planning and Development is needed to enhance the capacity of managers and analysts to plan, administer, and evaluate the department's programs.*

Presently, the Department of Planning and Development makes minimal use of microcomputer technology. Program management and administration is paper-oriented. We urge the City to invest in microcomputers for the department which will not only lead to increased productivity among employees, but also result in more informative decisionmaking and programming regarding the use of scarce public resources for housing and neighborhood revitalization. One immediate result of such an investment would be the capability to produce more timely reports on what the City's programs are accomplishing and what impacts these investments are having on neighborhood conditions. Both the administration and the City Council would benefit from more timely information on housing programs and neighborhood conditions.

2. *The City should increase its commitment to developing programs that increase the supply of affordable housing units.*

2A. *Providence should allocate a larger share of CDBG funds for housing activities.*

The evidence is clear that Providence is spending a substantially smaller share of its CDBG funds for housing activities than most American cities. Our data show that cities are currently spending about half of their CDBG allocations for housing activities whereas Providence is spending less than 20 percent of its block grant funds for housing. Public services, the City's largest expenditure category, receives more than one-fourth of the City's entitlement grant whereas nationally entitlement cities allocate less than 10 percent of their CDBG funds for public services. We urge the mayor, city council, city officials, and neighborhood organizations to reexamine the City's funding priorities under the block grant program with the goal towards increasing the share of CDBG funds allocated for housing and decreasing the amount of funds allocated for public services and for activities that have alternative funding sources. For instance, current block grant allocations of \$600,000 for fire station rehabilitation could and should be financed through local revenue sources.

We recognize that CDBG funds have been used to fund a number of important public services in the City's neighborhoods and that many of these services contribute greatly to enhancing the quality of life for city residents. However, we feel the City should explore alternative funding sources for these services, as have the vast majority of CDBG entitlement cities, rather than spend scarce federal housing and community development funds on activities that generate little private investment and no program income.

2B. *Providence should increase the amount of additional dollars -- both public and private -- leveraged with federal funds.*

Our review of Providence's experience with federal housing programs shows that the City does not compare well with other cities in its ability to use federal dollars to leverage additional funds. Our recommendations concerning the City's need to increase the amount of investment stimulated with public dollars is twofold. First, the City should examine ways in which public funds such as community development block grants and rental rehabilitation grants can be packaged with other funding sources to generate larger capital pools. While we understand such an approach becomes administratively complex when several funding sources with different funding cycles and fiscal years are used, we are persuaded by the experiences of other communities that such an approach can be a very effective way to undertake programs and projects that may otherwise be unfeasible.

Second, city officials need to adopt a new attitude concerning the administration of public funds and move from a "donor" mentality to a more "entrepreneurial" one aiming at generating revenues and program income. That is, the City needs to explore alternative subsidy mechanisms besides grants and deferred loans. Such strategies only allow the City to use public funds once. As we noted in our discussion of the CDBG program, many communities have established revolving loan funds for housing rehabilitation that result in principal and interest repayments that are recycled and used again and again. We believe city officials should aspire to the program philosophy of their counterparts in Kansas City -- "we don't do grants!" -- where almost eight dollars in other funds are leveraged for every rental rehabilitation dollar.

2C. *Providence should become more aggressive in seeking external funding.*

The City should take a more proactive approach in using federal and state housing assistance programs. The City should follow the actions of many other cities and take initiatives to market its programs and services to developers and residential property owners to stimulate interest in residential projects. While we recognize that federal funding sources have been cutback dramatically during the 1980s, there still is money available and Providence's record in acquiring federal funds (particularly UDAGs and HODAGs) in comparison to other cities needs to be improved. Furthermore, we feel the City should seek out opportunities to participate in federal housing demonstration programs wherever possible.

3. *The City should develop a housing rehabilitation strategy in which different programs address different types of rehabilitation needs.*

Providence needs a comprehensive rehabilitation strategy that is tailored to the unique aspects of the City's housing stock, which consists primarily of two- and three-family buildings constructed before 1939. Given the severe shortage of housing units, city officials need to devise programs that address those units that are presently out of the housing stock or are in imminent danger of being lost because of poor condition. While we applaud the efforts of city officials to make more productive use of vacant land through the City's Vacant Lot Program, the data show that only a small number of the vacant lots are actually suitable for housing development, and for those there are numerous delays and uncertainties in the acquisition process. Analysis of data on vacant buildings, on the other hand, suggests that there are many vacant buildings in the City that may be suitable for rehabilitation. More important, many of these buildings have been vacant for several years and are at risk of being permanently lost from the housing stock. In addition, data from the property revaluation survey indicates that more than one in four multi-family buildings are either in fair or poor condition.

Given the City's emphasis on light rehabilitation, we believe the City needs to broaden its approach to housing rehabilitation in order to address those properties in need of moderate and substantial rehabilitation. Our review of the City's housing rehabilitation programs indicates that the type of properties selected for rehabilitation assistance generally are properties in need of only limited repairs. Under its CDBG-funded rehabilitation programs, rehabilitation costs average less than \$800 per unit and generally involve only exterior painting; in the Rental Rehabilitation program total rehabilitation costs are less than \$6,400 per unit. According to the Urban Institute's recent evaluation of HUD's Rental Rehabilitation Program, rehabilitation expenditures of \$7,000 per unit generally could finance the repair or replacement of one to two major systems (for example, roof, heating, plumbing, electrical, windows, structural, kitchen, bathrooms).⁹⁸ The Urban Institute study reported that properties in dilapidated or uninhabitable condition, which comprised almost two-thirds of the properties selected for rehabilitation by the 35 sample communities, generally involved the rehabilitation of five to six major systems. Average per unit rehabilitation costs were \$10,619 for properties in dilapidated condition and \$17,948 for properties in uninhabitable condition.⁹⁹

An earlier evaluation study of the Rental Rehabilitation Program by the Department of Housing and Urban Development classified rehabilitated rental units into three categories: (1) *units added*, those

⁹⁸ Kathleen G. Heintz and others, Evaluation of the Rental Rehabilitation Program (Washington: The Urban Institute, April 1987), p. 6-20.

⁹⁹ *Ibid.*, p. 5-23.

that were previously out of the stock, generally in vacant and abandoned buildings, prior to rehabilitation; (2) *units saved*, units in the stock prior to rehabilitation but in danger of imminent loss because they are in a property in very bad condition where rental income is insufficient to maintain the present condition of the unit; and (3) *units upgraded*, units in substandard condition prior to rehabilitation that most likely would have remained in the stock without immediate rehabilitation. HUD's analysis of the rental rehabilitation experience in 18 communities reported that about 37 percent of the units rehabilitated were counted as additions to the local rental stock, 38 percent of the units would have been lost from the stock without rehabilitation, and about 21 percent of the units were upgraded to standard condition.¹⁰⁰

In designing a comprehensive housing rehabilitation strategy, we encourage the city to develop programs that will address the need to add units to the housing stock as well as preserve units at risk of imminent loss and upgrade existing substandard units. In addition, we feel the City should develop more vigorous code enforcement strategies to promote the maintenance of units in standard condition. As we have noted in several places throughout this report, Providence's housing stock consists primarily of units built before 1939. Failure to maintain this aging housing stock will only result in more severe housing shortages in the near future.

3A. The City should undertake a comprehensive needs assessment concerning the condition of Providence's housing stock.

In order to develop effective programs designed to address the rehabilitation needs of its housing stock, the City needs current information on the condition of the housing stock. One of the most difficult indicators to collect during the course of our study concerns data on the condition of Providence's housing stock. In our discussions with state, city, and nonprofit officials, we found no one who could point to any study or data source more recent than the 1980 census detailing the condition of Providence's housing stock. The revaluation data base provides a qualitative composite assessment of housing condition, although more detailed information on building conditions is not available. We believe the City should undertake a comprehensive needs assessment concerning the condition of Providence's housing stock.

The City's experience with the 3% rehabilitation loan program indicates that there is substantial demand among city residents for home improvements as the number of applications exceeded the amount of funding available in only a few days. However, it is unclear whether the demand for rehabilitation assistance is for upgrading existing units as opposed to saving units currently in the housing stock but in danger of imminent loss, or adding units to the stock that were previously vacant and uninhabitable. We believe the City should undertake a study to examine the types of properties selected for rehabilitation assistance and the nature of the housing improvements being financed with its programs in order to identify the fit between present housing conditions and the types of public assistance currently available.

3B. The City should develop a rental rehabilitation program that addresses the need for more extensive rehabilitation.

Our examination of the City's housing rehabilitation programs indicates that the level of rehabilitation being financed is predominantly light and moderate rehabilitation. Indeed, under the City's largest housing rehabilitation program, the Elderly and Handicapped Paint program, public funds are used for exterior painting rather than rehabilitation. In our view, the City is contributing to the upgrading of

¹⁰⁰ Four percent of the units rehabilitated were in standard condition prior to rehabilitation and were presumably further improved by rehabilitation. See U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Rehabilitating Rental Housing: The Benefits and Costs of Alternative Approaches (Washington: HUD, July 1985), pp. 4.2-4.3.

existing rental units but not doing enough to prevent units at risk from being lost or to add units to the housing stock that were previously vacant and/or uninhabitable. Our examination of data obtained from the Department of Inspections and Standards suggests that there are a number of vacant buildings in the City and that many of these have been vacant for several years. Moreover, the data show that vacancy and abandonment are continuing problems since more than one of every four boarded-up buildings in Providence became vacant within the past year. In light of rising land and new construction costs, we urge the City to develop a more extensive rehabilitation program to complement existing rehabilitation efforts in order to address the rehabilitation needs of existing vacant properties.

- 3C. *The City should undertake an inventory of publicly-owned vacant buildings and explore the possibilities for converting these properties to affordable housing.*

The data we obtained from the Department of Inspections and Standards did not allow us to distinguish vacant residential properties from manufacturing, commercial, and public ones. We did discover a number of vacant school buildings and suspect that there may be others. We recommend that the City study the feasibility of converting these vacant public facilities into residential properties. We applaud the Providence Company's efforts to stimulate the conversion of underutilized downtown properties to residential development and encourage the City to broaden its focus to include adaptive reuse for residential development in neighborhoods as well, and to investigate means to ensure that a greater proportion of these units are affordable to low- and moderate-income persons.

4. *In developing its housing strategy, the City should seek to strike a balance between downtown- and neighborhood-oriented initiatives.*

- 4A. *The amount of public funds invested in neighborhood housing initiatives should be comparable to those being invested for downtown housing.*

In 1987, the Providence Company was established by the Providence Foundation, the Greater Providence Chamber of Commerce, and the City of Providence to stimulate residential development in the City's downtown. The Providence Company, created to administer and market a fund of almost \$20.0 million capitalized through contributions from local lending institutions and the City, provides loans at below market rates to interested developers for residential projects in the downtown target area. Because of the City's contribution, including \$3-4 million in UDAG repayments, 20 percent of the units developed through the fund must be affordable for low- and moderate-income persons.

We feel the City should make a comparable level of commitment-- both financially and organizationally -- to residential development in the City's neighborhoods. While our review of Providence's neighborhood-based housing programs shows that there are many programs (for example, CDBG, rental rehabilitation grants, Rhode Island Housing 3% loans, HODAG) and the dollar amounts not insignificant (about \$2.5 million was awarded in Fiscal Year 1987), they are also fragmented, lack coherence with any larger strategy, and are not leveraging substantial amounts of additional investment. We urge the City to develop a comprehensive approach to neighborhood housing assistance, one that targets resources to specific neighborhoods and is consistent with a larger neighborhood revitalization strategy that promotes investment--both public and private--in the City's neighborhoods.

- 4B. *The Providence Housing Authority should carefully consider the location of scattered-site housing being developed to replace those units lost at Hartford Park, and to the extent possible, use this investment as a strategic neighborhood revitalization tool.*

The Providence Housing Authority is presently considering proposals for the development of 184 units of scattered-site housing as a replacement for the 240 units being demolished at its Hartford Park development. As we pointed out above, the proposed locations for almost all of these units are in South Providence neighborhoods, an area that already has absorbed a substantial share of the City's assisted housing units. If these proposed sites are approved, the distribution of publicly assisted housing will become even more concentrated in these neighborhoods. While such an approach will certainly result in lower density assisted housing developments than was the case at Hartford Park, there is reason for concern about larger issues of concentration within neighborhood areas and the implications such concentration has for the overall character of the City's neighborhoods. To alleviate some of that concern we believe the City should work with the Providence Housing Authority to identify additional public resources (for example, CDBG, state funds) that could be used in the scattered-site program in order to promote a truly scattered-site approach to the location of new assisted housing units. We also believe the Providence Housing Authority should work closely with the Department of Planning and Development and the Providence Redevelopment Authority to use this investment in new residential development as an opportunity to stimulate the revitalization of the neighborhoods in which these new units are constructed. Experience gained in these areas should then be used to develop model programs in other neighborhoods.

State of Rhode Island

1. *The Rhode Island Housing and Mortgage Finance Corporation should give more emphasis to multi-family rehabilitation and development programs.*

We are enthused about the many new housing initiatives the Rhode Island Housing and Mortgage Finance Corporation has instituted during the past 18 months. A number of these new programs focus on the critical needs of multi-family housing. However, only a portion of the funds the agency has allocated for multi-family programs has been committed to projects as of May 1988. Moreover, despite the attention given to multi-family programs, Rhode Island Housing continues to emphasize single-family housing. According to a recent Rhode Island Housing brochure, almost \$100 million is available through programs that aid the development of single-family housing; less than \$15 million is available through programs that address multi-family housing needs. While we acknowledge that Rhode Island Housing has financed many new initiatives with its reserve funds, the total amount of assistance available for multi-family development and rehabilitation is substantially less than the amount of funds available for single-family programs. We urge Rhode Island Housing officials to allocate additional funds for rental housing development (both new construction and rehabilitation) and to explore options for increasing the capacity of developers to utilize the funds made available through its rental housing production programs. In addition, we believe Rhode Island Housing should consider alternative means for rental housing production such as the direct development of multi-family units through the authority recently granted to the agency and/or establishing working relations with local public housing authorities for the development and rehabilitation of rental housing units.

2. *The State should promote a "fair share" distribution of low-income housing among Rhode Island cities and towns.*

Providence can not and should not bear the burden of housing the state's poor. As our analysis shows, only a few Rhode Island communities have taken the initiative to provide assisted housing for their residents. The number of cities and towns with assisted housing decreased from 28 to 26 between

1980 and 1988 and seven communities experienced a net reduction in the number of assisted units during this same period. Moreover, only half of the state's cities and towns provide subsidized housing for families and in only four communities (Middletown, Narragansett, Newport, and North Kingstown) are there more assisted units for families than the elderly. We also point out that many communities have not taken advantage of state funding for rehabilitation loans for low- and moderate-income housing: 16 communities have not funded one project under this program and another eight communities have committed less than 25 percent of their funding allocations. In addition, a recent study on the characteristics of Providence's homeless population reported that only one in three homeless persons had lived in the City for five or more years, which indicates that many of the homeless persons served by the City's shelter system are not city residents.

Just as we caution Providence officials about concentrating assisted housing in specific census tracts within the City, we raise a similar concern regarding the concentration of publicly assisted housing in the City of Providence. We believe the state should take a more active role in promoting low-income housing in Rhode Island cities and towns. We encourage the state legislature to explore conditioning the receipt of general municipal aid to affordable housing initiatives by municipalities. We applaud Rhode Island Housing for the initiation of its strategic planning grant program that helps municipalities develop the capacity to undertake such initiatives. This program should be continued and expanded to include more municipalities.

We support Rhode Island Housing's decision to recapture funds from those communities that received allocations under the Home Repair Loan Program but have made little progress to date in their use of those funds. Communities that have not committed 15 percent or more of their Home Repair Loan Program allocation by the end of August 1988 will have their funds recaptured by Rhode Island Housing and reallocated among other communities. While we applaud this effort, we are also concerned that many of the communities with uncommitted funds are also those communities with little, if any, assisted housing. Thus, recapturing housing assistance funds from those communities makes the promotion of a "fair share" distribution of low-income housing among Rhode Island cities and towns more difficult to achieve. One reason for low commitment levels in many Rhode Island cities and towns is the lack of administrative capacity to run a housing rehabilitation program. Many of the communities that received funding allocations through this program have small municipal administrations with few full-time employees. We encourage Rhode Island Housing officials to explore alternative administrative arrangements -- for example, direct state administration or administration through local public housing authorities -- as a means for increasing the utilization of funds under this program.

Nonprofit Housing Organizations

- 1. The capacity of nonprofit housing organizations to develop, rehabilitate, and manage housing needs to be enhanced.*

We applaud the efforts of the many dedicated and committed individuals working through nonprofit organizations to increase the supply of decent and affordable housing within the City of Providence. National studies have highlighted the important role community-based organizations can play in stimulating housing development and rehabilitation because of their detailed knowledge of neighborhood housing markets and their sensitivity to minimizing the negative consequences of revitalization such as displacement and gentrification.

Our review of nonprofit housing organizations identified more than 30 such organizations active in promoting affordable housing in the City of Providence. However, only about one-third of these organizations had actually produced any units in 1987 and only two organizations had developed more than 50 units each. Based on the responses we received from the nonprofits, there appears to be about

300 units of housing presently under various stages of development by nonprofit housing organizations. Again, most of these units are being developed by a few organizations.

We share the view of one representative from a nonprofit organization who commented on the success of their program but noted that "there is more to be done, it was just a drop in the ocean." Nonprofit organizations in Providence are using very creative measures to develop and rehabilitate housing but all too often these efforts lead to the production of only a few housing units. The capacity of these organizations to do more needs to be enhanced and such capacity building calls for greater linkages among nonprofits, private lending institutions, and city, state, and federal agencies.

One such route to greater capacity among Providence's nonprofit organizations is to foster linkages with national foundations and organizations such as LISC and the Enterprise Foundation, which have been instrumental in building local capacity in other communities. Another approach would be to strengthen local and regional networks among nonprofit organizations to facilitate the exchange of information and expertise on housing development activities. We are encouraged by the potential of the Rhode Island Housing Partnership to fulfill a needed gap in capacity building within the nonprofit sector in Rhode Island cities and towns but point out that long delays and uncertainties have slowed the partnership's development. We urge the principals involved in the Rhode Island Housing Partnership to give their utmost priority to getting the partnership underway.

Finally, we believe that the proliferation of nonprofit housing organizations is itself an issue. We question the need for nonprofit housing development organizations in every neighborhood in the City, particularly when many of these organizations are not actively involved in the production of housing units. It seems to us that greater economy of resources could be achieved through consolidation and greater specialization within the nonprofit housing sector. For instance, one strategy might be for a citywide nonprofit organization to assume primary responsibility for housing development and rehabilitation while other community-based organizations would be responsible for referral, management, and monitoring.

CONCLUSION

Despite the substantial cutbacks in federal assistance for housing that have occurred during the 1980s, city and state officials have developed a variety of responses to address the many different types of housing problems in Providence. City officials have shown creativity in converting future UDAG repayments from the Fleet project into a housing fund. The Providence Company has taken leadership in stimulating residential development downtown. Rhode Island Housing has added several new programs during the past 18 months such as multi-family development, housing rehabilitation, and assistance for special needs populations. The Rhode Island Housing Partnership appears ready to begin its work. Many neighborhood-based nonprofit housing organizations are actively promoting new housing opportunities. The City, in short, has many good programs and many good administrators to run them.

Nevertheless, there is an important sense in which there is less here than meets the eye. The number of additional housing units actually made available to low- and moderate-income persons during the past few years is not large, and implementation delays continue to plague many of the programs that, on paper, seem so impressive. One need only recall that Mayor Paolino himself issued a very impressive 13-point plan to promote affordable housing nearly two years ago, but most of his recommendations have yet to be considered. Moving beyond talk to action thus seems to us to be the City's most pressing immediate need. Programs and players are in place. It remains only to provide them with the energy to take action.

Table 7

Sources: 1984 population data from U.S. Department of Housing and Urban Development, Office of Community Planning and Development, Data Systems and Statistics Division; Data on CDBG allocations obtained from block grant submission packages for selected cities.

Table 8

Sources: City of Providence, Department of Planning and Development, "Statement of Objectives, Community Development Block Grant Program," for program years 1987-1988 and 1988-1989.

Table 9

Source: City of Providence, Department of Planning and Development, "C.D.B.G. Grantee Performance Report, 1986-1987."

Table 10

Sources: CDBG Grantee Performance Reports, 1987, for selected cities.

Table 11

Source: 1984 population data and information on Urban Development Action Grants obtained from U.S. Department of Housing and Urban Development, Office of Community Planning and Development, Division of Data Systems and Statistics, UDAG History Data Base.

Table 12

Source: Information on Housing Development Grants obtained from U.S. Department of Housing and Urban Development, Office of Public Affairs, Press Releases for HODAG awards, October 23, 1984; July 10, 1985; September 26, 1986; and October 1, 1987.

Table 13

Source: Data obtained from City of Providence, Department of Planning and Development, Rental Rehabilitation Grant program files, July 1988.

Table 14

Source: Data for selected cities obtained from U.S. Department of Housing and Urban Development, Office of Urban Rehabilitation, May 31, 1988.

Table 15

Source: Program descriptions adopted from Rhode Island Housing and Mortgage Finance Corporation, Program Brochure, April 1988, *Annual Report, 1987*. Updated information on income and purchase price limits were obtained from Rhode Island Housing officials.

Table 16

Source: Data obtained from Rhode Island Housing and Mortgage Finance Corporation, Program Brochure, April 1988 and Rhode Island Housing and Mortgage Finance Corporation, Rhode Island Housing Program Updates, June 15, 1988.

Table 17

Source: Data obtained from City of Providence, Department of Planning and Development, RIHMFC 3% Loan Program files, July 1988.

Table 18

Source: Data obtained from City of Providence, Department of Planning and Development, Listing of Tax Reverted Vacant Lots, July 1988.

Table 19

Source: Data obtained from City of Providence, Department of Inspections and Standards, "Vacant Buildings in the City of Providence," June 2, 1988.

Table 20

Source: Data obtained from City of Providence, Department of Planning and Development, "C.D.B.G. Grantee Performance Report, 1986-1987."

Table 21

Source: Data obtained from survey of nonprofit housing organizations conducted by Taubman Center for Public Policy and American Institutions, Brown University, May-July, 1988.

Table 22

Source: List of members of the Board of Directors obtained from Professor Melvin Feldman, Brown University.

Table 23

Source: SABRE Systems Building Condition data obtained from City of Providence, Department of Administration, July 1988.

Table 24

Source: U.S. Bureau of Census (1970, 1980) data reported in John I. Gilderbloom and Richard P. Appelbaum, Rethinking Rental Housing (Philadelphia: Temple University Press, 1988), p. 140.

Table A-1

Sources: Data for 1950-1980 obtained from U.S. Bureau of the Census, Census of Population and Housing; 1986 population data obtained from U.S. Bureau of the Census, Local Population Estimates (Series P-26); 1986 data on median family income and median contract rent obtained from Rhode Island Housing and Mortgage Finance Corporation; 1986 data on median value obtained from National Association of Realtors, "Median Sales Price of Existing Single-Family Homes for Metropolitan Areas," January 1988.

FIGURES

Figure 1

Note: Total assisted housing units include both housing developments (e.g., Public housing and Section 8) and existing housing subsidies (e.g., Section 8 and Vouchers).

Sources: Number of housing units obtained from 1980 Census of Housing; Public housing and Section 8 housing development data obtained from U.S. Department of Housing and Urban Development, Listing of HUD Multifamily Housing (Providence: Providence HUD Office, 1988); Section 8 Existing Housing and Housing Voucher data obtained from Providence Public Housing Authority.

Figure 2

Source: Data obtained from Providence Public Housing Authority.

Figure 3

Source: Data for City of Providence obtained from CDBG program applications, 1975-1988; data for entitlement cities obtained from U.S. Department of Housing and Urban Development, Office of Community Planning and Development, Consolidated Annual Report to Congress on Community Development Programs, various years (Washington, D.C.: HUD).

Figure 4

Source: See Table 13.

Figure 5

Source: See Table 17.

Figure 6

Source: See Table 19.

Figure 7

Source: See Table 23.

Figure A-1

Source: City of Providence, Department of Planning and Development, Neighborhood Strategy: A Plan and Program to "Build Pride in Providence", June 1985.

Figure A-2

Source: U.S. Bureau of the Census, 1980 Census of Population and Housing, Census Tracts, Providence-Warwick-Pawtucket, R.I.-Mass., SMSA (Washington: U.S. G.P.O., June 1983).

Figure A-3

Source: National Association of Realtors, "Existing Single-Family Home Sales, Annual Data," (Washington: National Association of Realtors, Economics and Research Division, January 1988).

Figures A-4 and A-5

Source: Rhode Island Builders Association, "Rhode Island Building Permits, Residential," 1980-1987.

Figures A-6 to A-13

Source: See Figure 1.

Figures A-14 to A-17

Source: SABRE Systems property revaluation for the City of Providence. Data on building condition by type and neighborhood area obtained from City of Providence, Department of Administration, July 27, 1988.

APPENDIX

**COMMITTEE ON HOUSING POLICY
FOR THE CITY OF PROVIDENCE**

Nick W. Easton, Chairman
Dotti Black
Sister Angela Daniels
Stephen Daniels
Joseph Fowlkes
Terry Milliken
Gilda Jeffrey
Dotti Rinaldi

Council President
Elmwood Community Center
Assumption Parish/West End
Daniels and Company Real Estate
Providence Human Relations Committee
West Broadway
West Broadway
Catholic Inner City Center

Table A-1. Population and Housing Characteristics for the City of Providence, 1950-1986.

	1950	1960	1970	1980	1986	Percentage Change			
						1950-60	1960-70	1970-80	1980-86
POPULATION AND HOUSEHOLDS									
Population	248,674	207,498	179,213	156,804	157,200	-16.6	-13.6	-12.5	0.3
Households	72,349	67,982	63,148	60,157	na	-6.0	-7.1	-4.7	--
Persons per household	3.44	3.05	2.84	2.61	na				
INCOME AND HOUSING COSTS—CURRENT DOLLARS									
Median Family Income	2,434	3,916	5,564	11,437	22,004	60.9	42.1	105.6	92.4
Median Contract Rent	27	40	60	139	392	48.1	50.0	131.7	182.0
Median Value	11,040	12,300	16,800	38,000	87,600	11.4	36.6	126.2	130.5
Rent Burden	13.3%	12.3%	12.9%	14.6%	21.4%				
Home Burden	4.5	3.1	3.0	3.3	4.0				
CHARACTERISTICS OF THE HOUSING STOCK									
Total Housing Units	74,212	73,027	68,163	67,535	na	-1.6	-6.7	-0.9	
Total Year-Round Housing Units			68,132	67,495	na				
Owner Occupied	22,902	23,289	22,632	22,189	na	1.7	-2.8	-2.0	
Renter Occupied	49,357	44,161	40,516	37,968	na	-10.5	-8.3	-6.3	
Vacant	1,016	3,611	4,984	5,069	na	255.4	38.0	1.7	
Other Vacant/Nonresidential	937	1,434	1,384	2,269	na	53.0	-3.5	63.9	
Percent Owner Occupied	31.7	34.5	35.8	36.9	na				
Percent Renter Occupied	68.3	65.5	64.2	63.1	na				
Percent Vacant	1.4	4.9	7.3	7.5	na				
Percent Occupied	97.4	92.4	92.6	89.1	na				
No. Reporting	72,610	73,027	68,132	67,513	na	0.6	-6.7	-0.9	
Pre-1939 Housing Units	70,080	66,438	54,965	44,622	na	-5.2	-17.3	-18.8	
Percent Pre-1939 Housing	96.5	91.0	80.7	66.1	na				
No. Reporting	71,579	67,982	63,148	60,157	na	-5.0	-7.1	-4.7	
Overcrowded Units	7,671	4,742	3,385	2,143	na	-38.2	-28.6	-36.7	
Percent Overcrowded Housing	10.7	7.0	5.4	3.6	na				

na Not Available

* Rent burden defined as (Median Contract Rent*12/Median Family Income).

** Home Burden defined as (Median Home Value/Median Family Income).

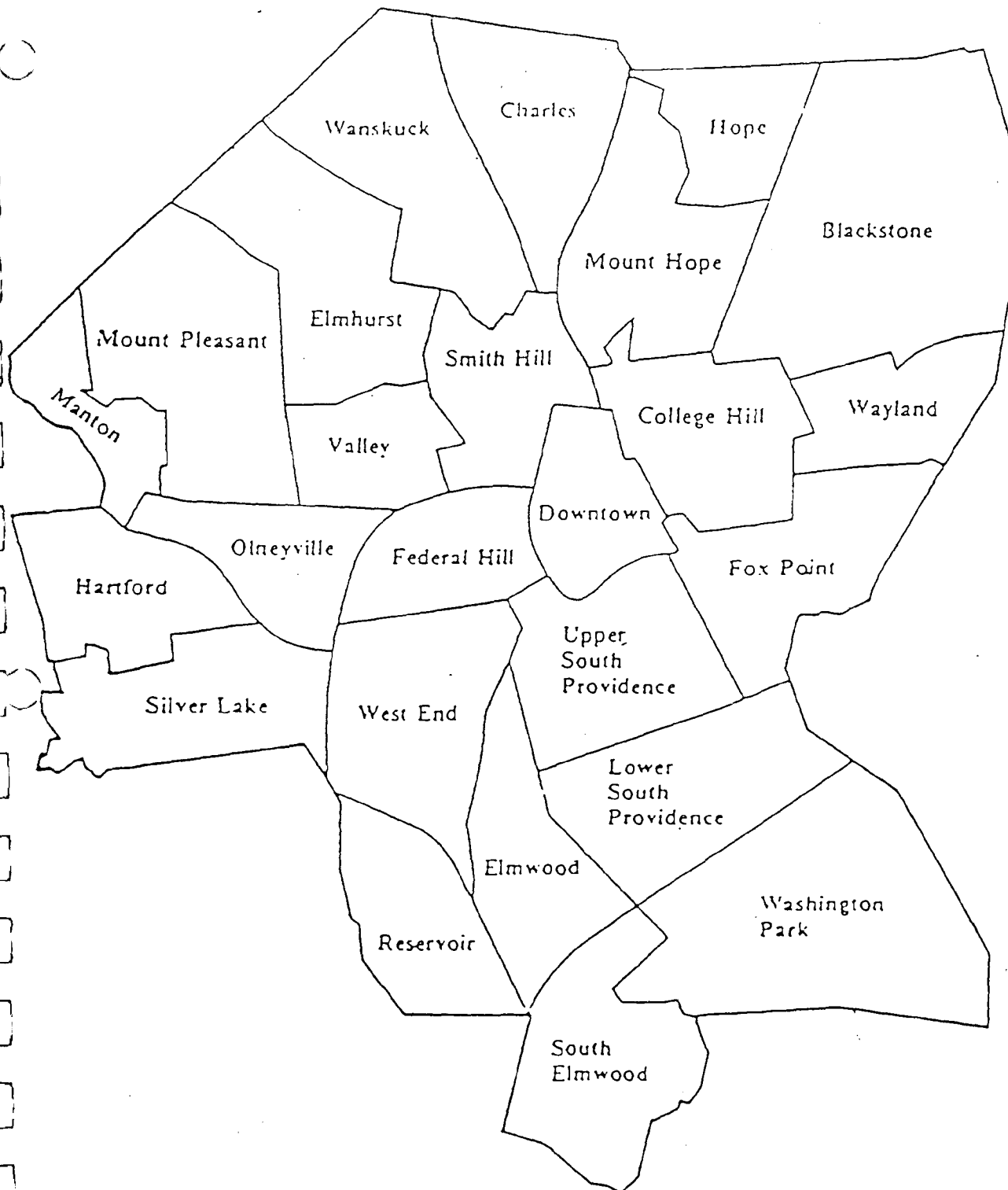


Figure A-1
City of Providence
Neighborhood Areas

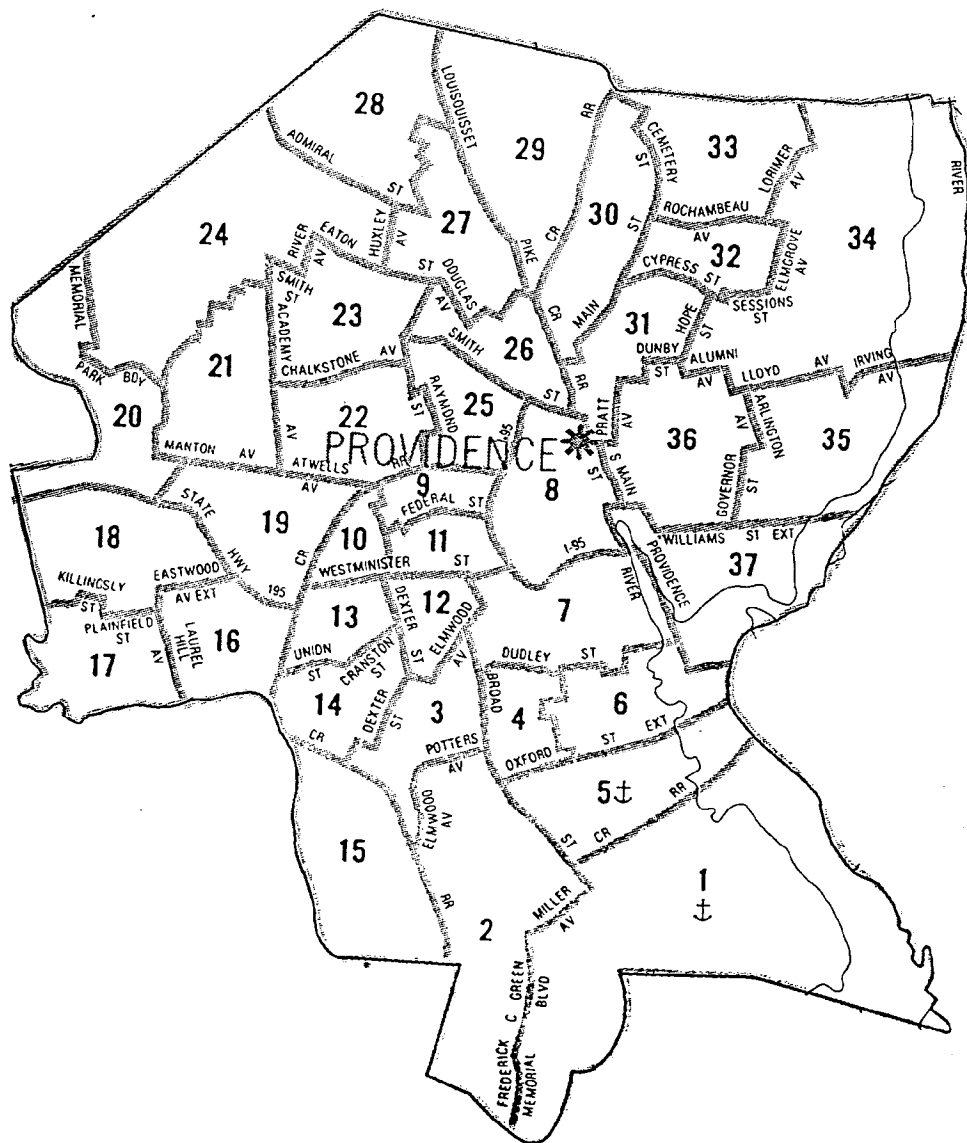


Figure A-2
City of Providence
Census Tracts

Figure A-4
Number of Building Permits Issued
City of Providence
1980-1987

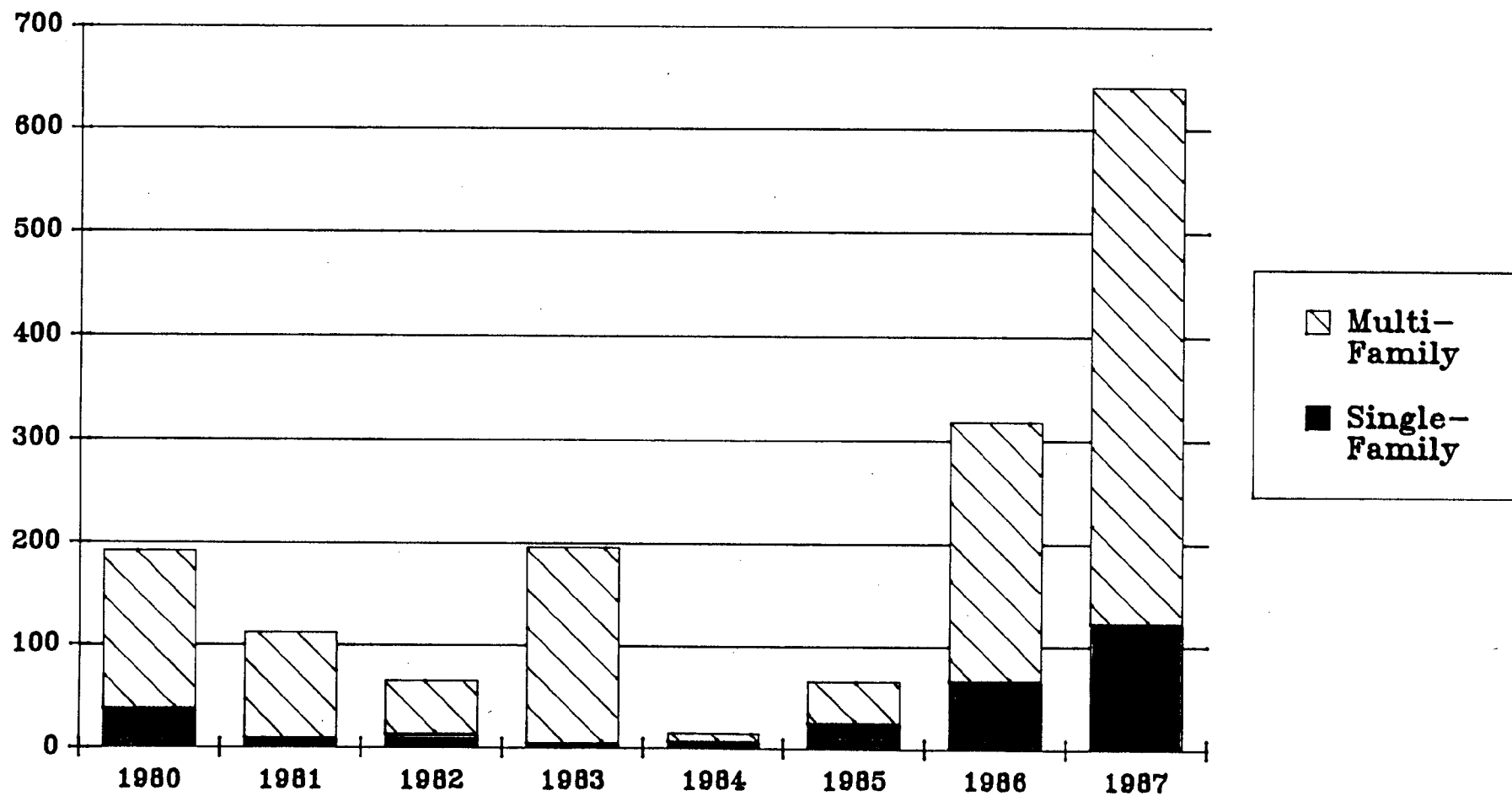


Figure A-5
Number of Building Permits Issued
State of Rhode Island
1980-1987

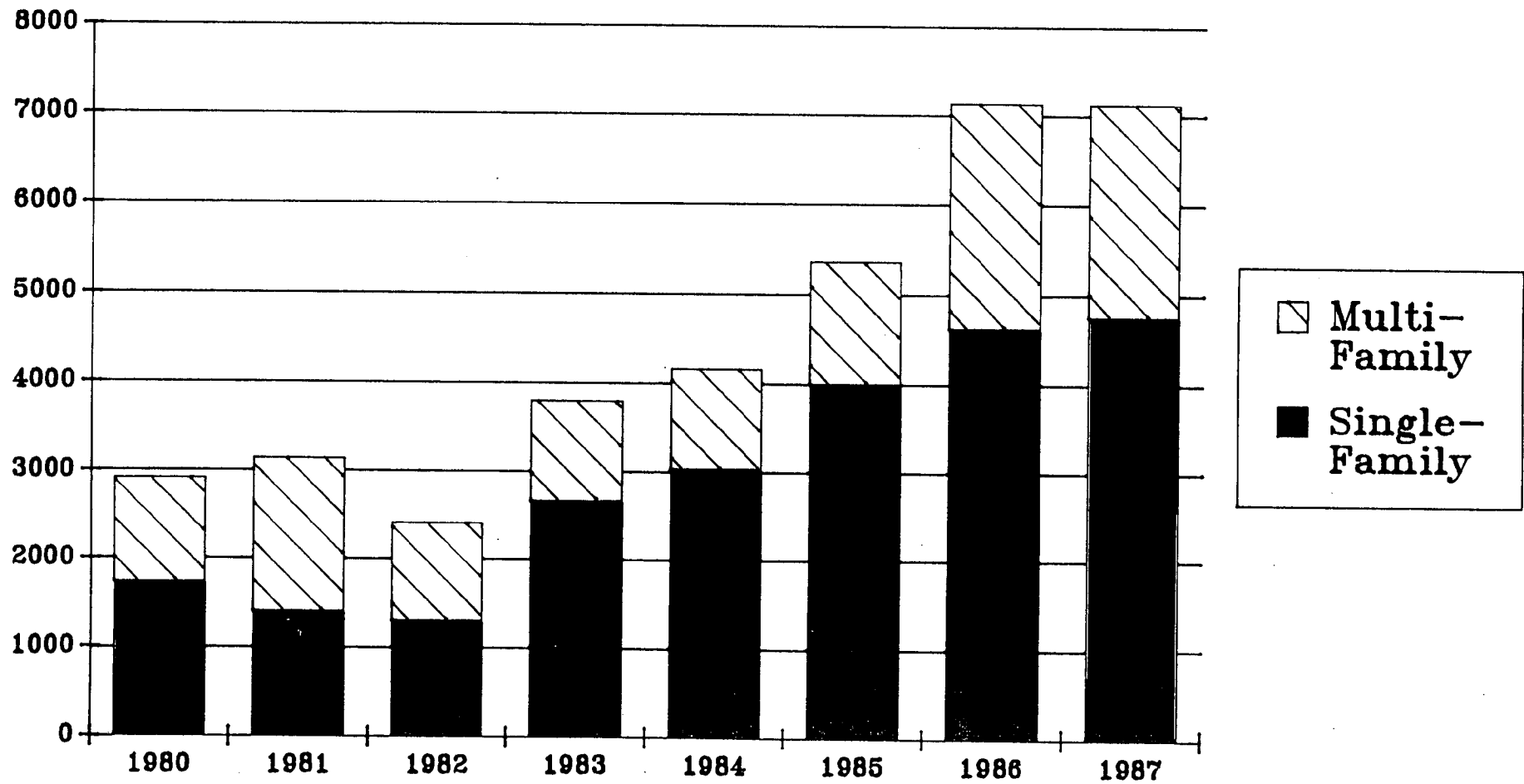


Figure A-6
Number of Assisted Housing Units
Providence Census Tracts

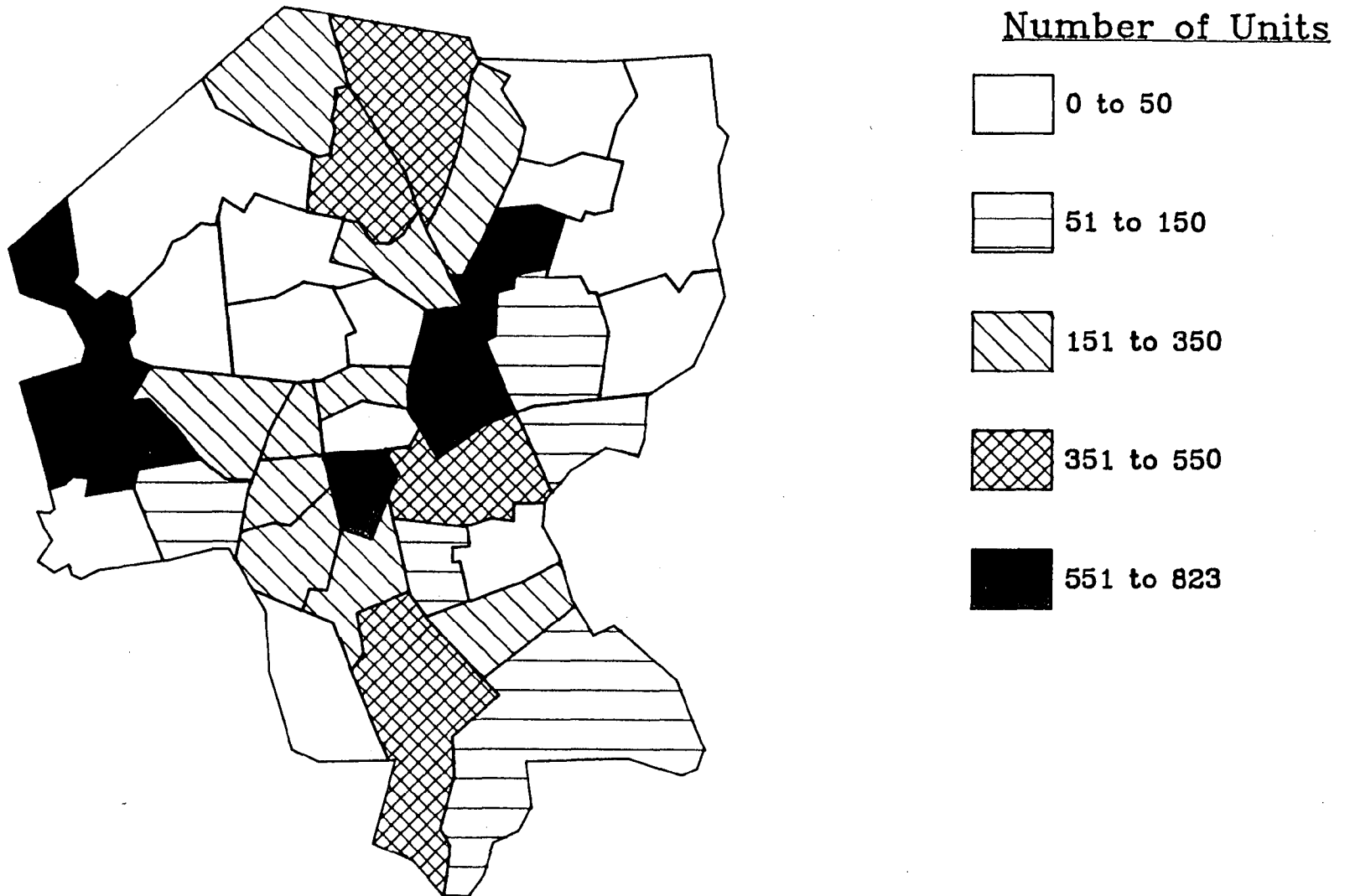


Figure A-7
Number of Public Housing Units
Providence Census Tracts

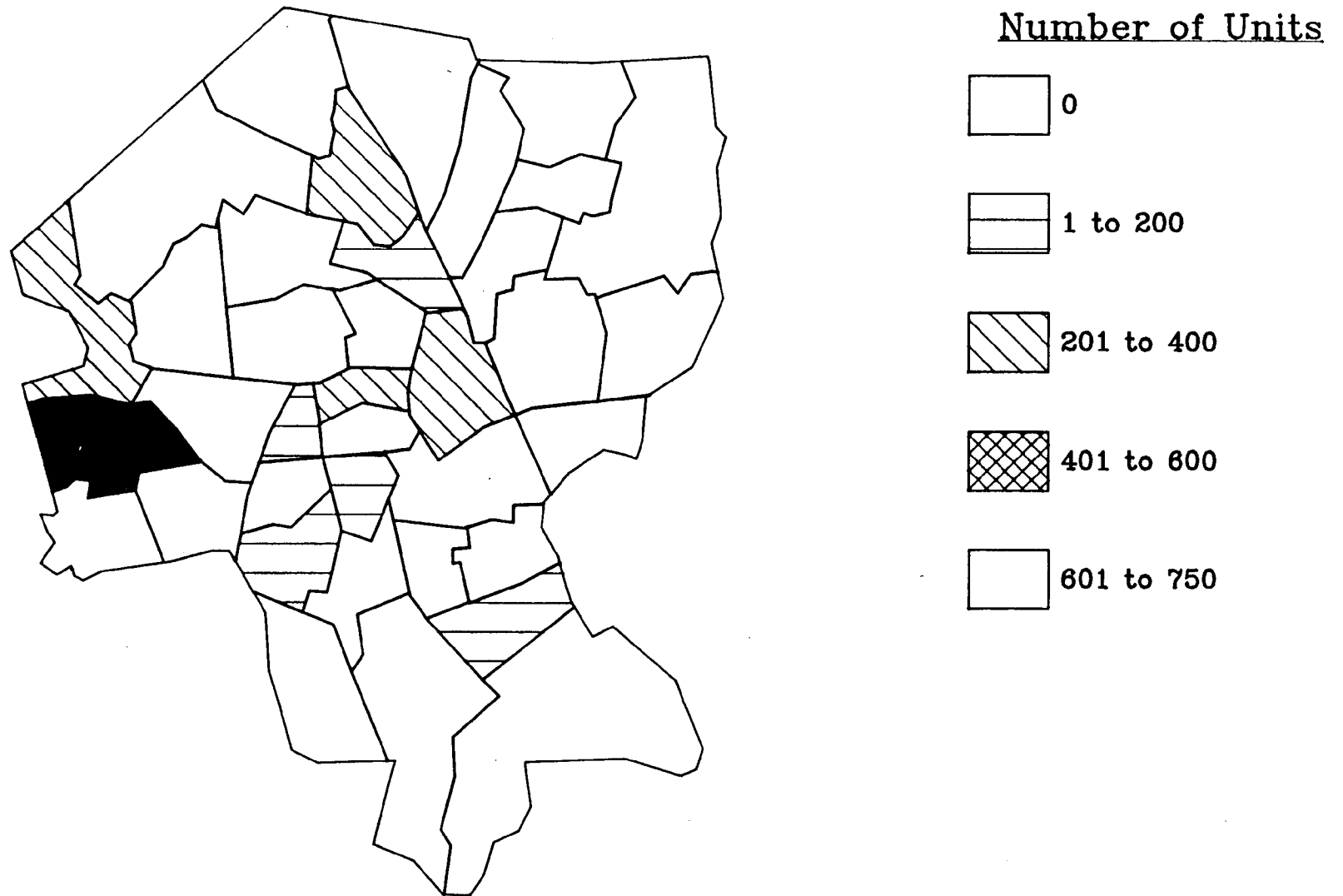


Figure A-8

Number of Section 8 Housing Units*

Providence Census Tracts

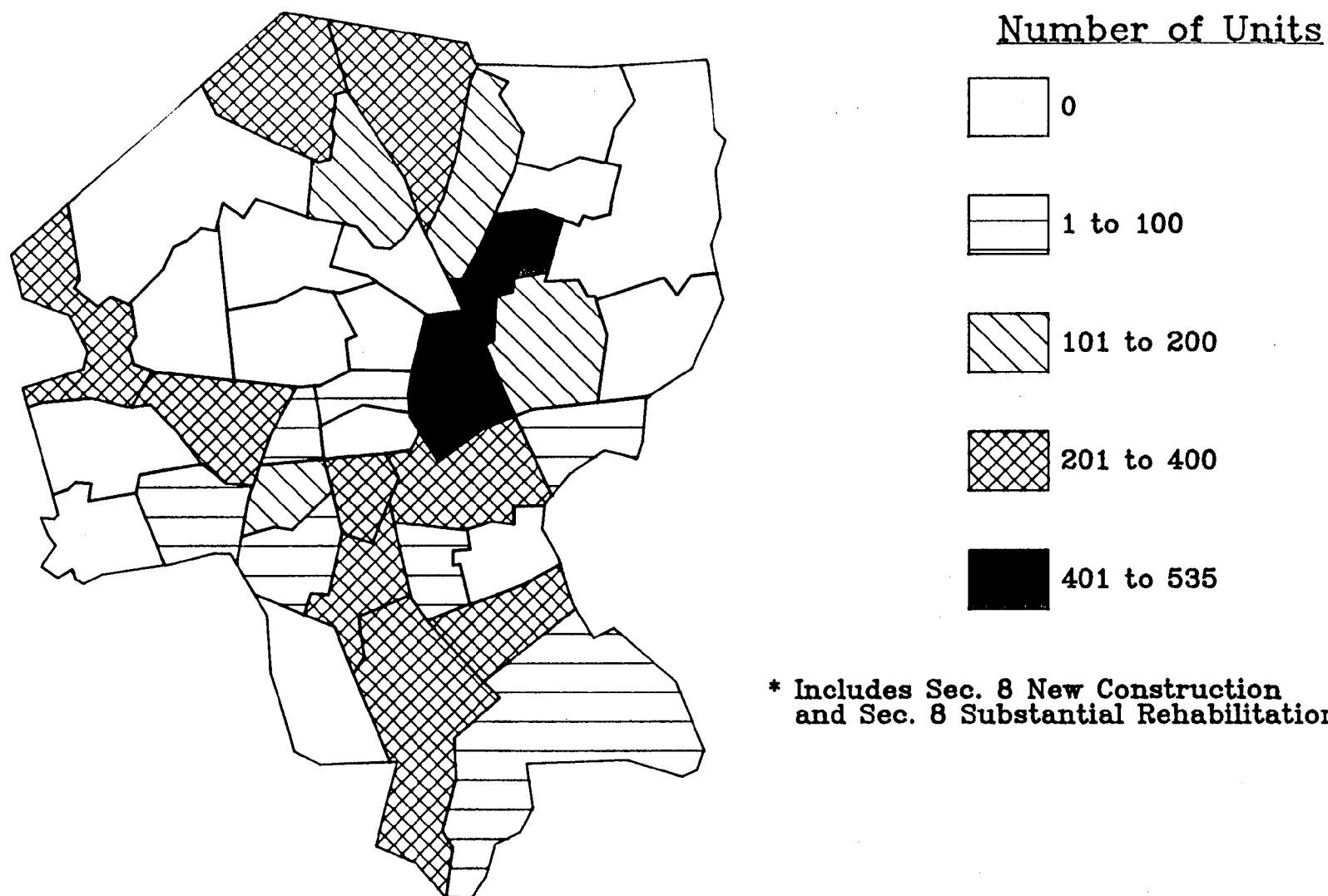


Figure A-9

Section 8 Certificates and Housing Vouchers
Providence Census Tracts

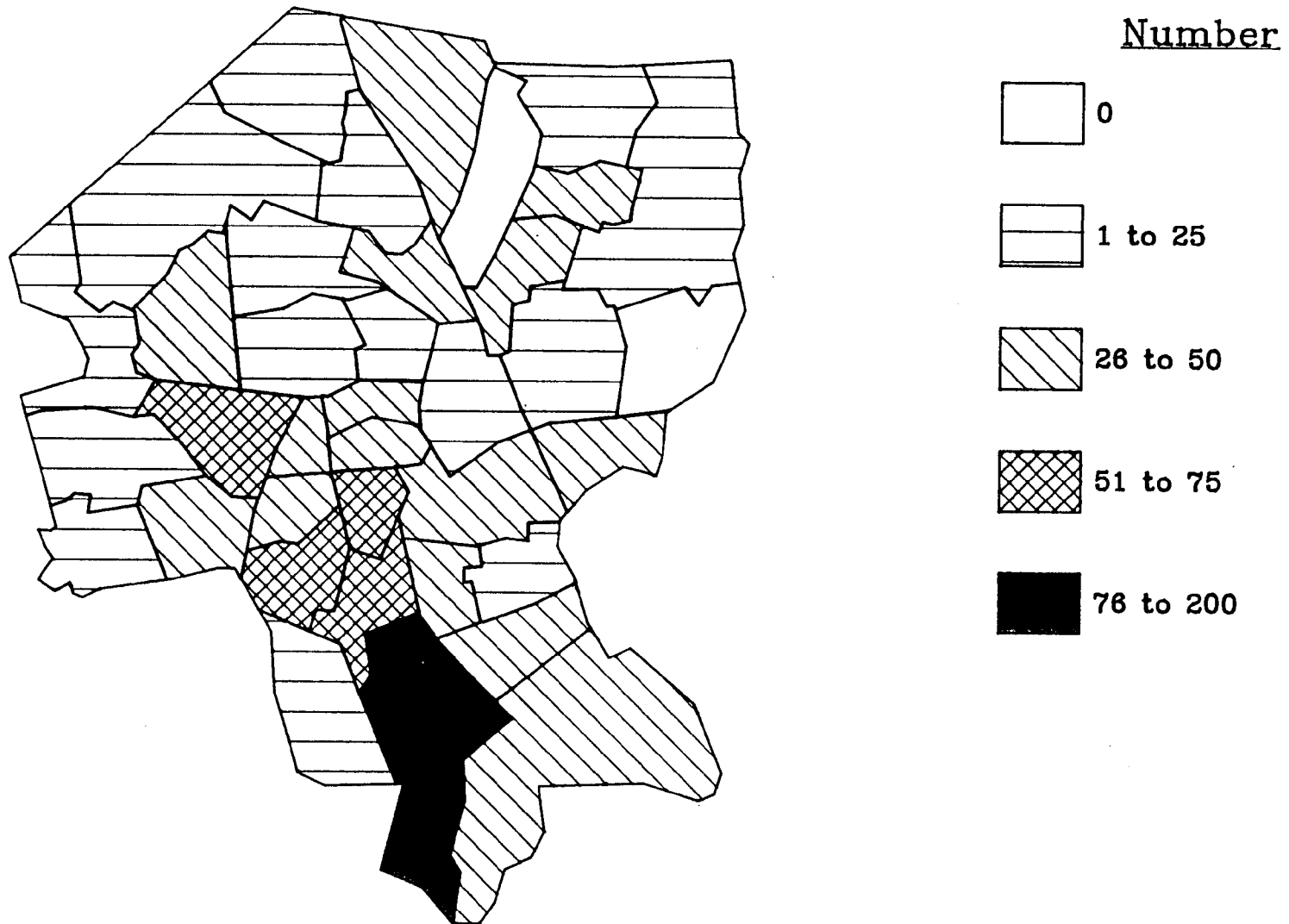


Figure A-10

Number of Assisted Housing Units for Families*
Providence Census Tracts

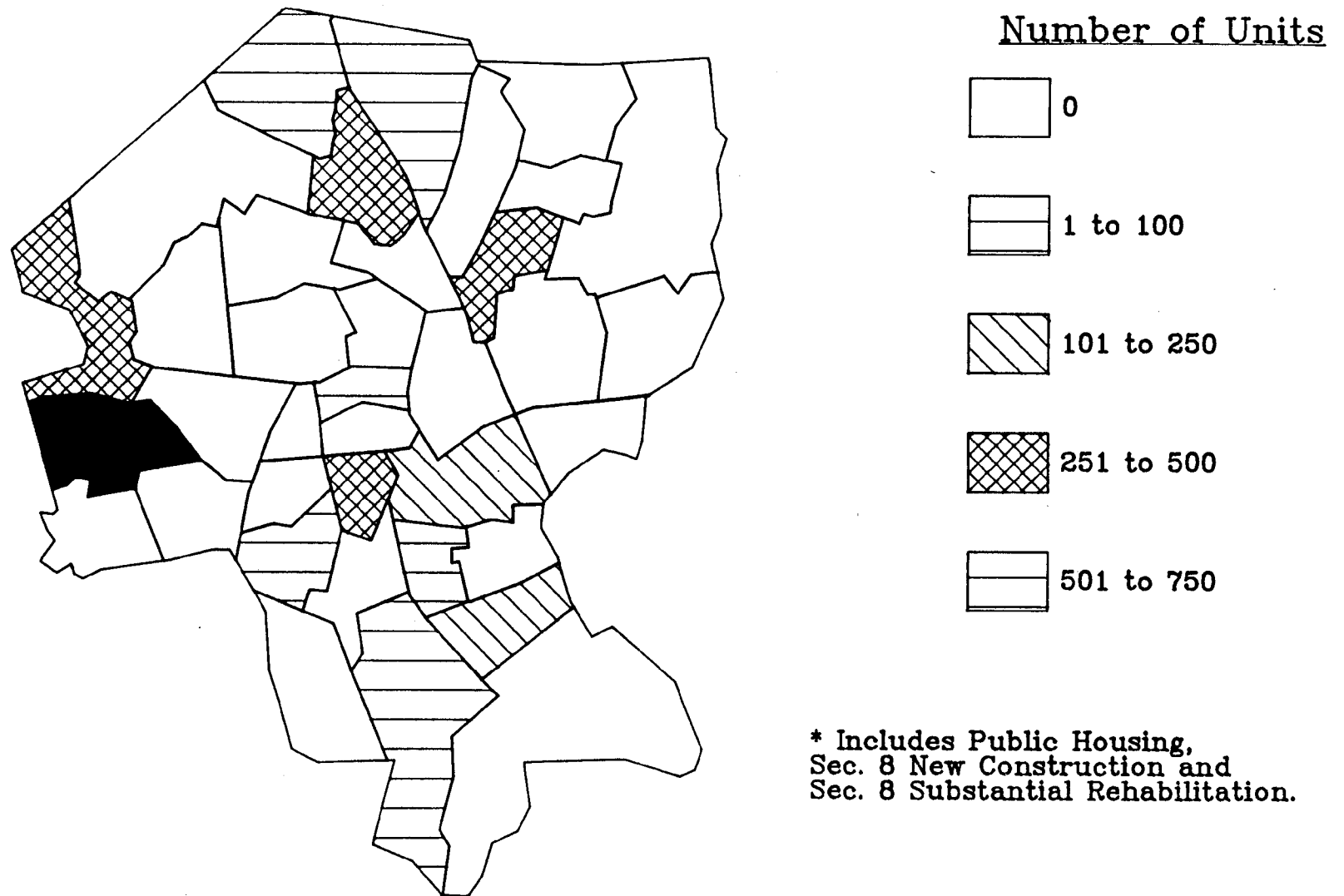




Figure A-11

Public Housing and Section 8* Assisted Housing
Providence Census Tracts

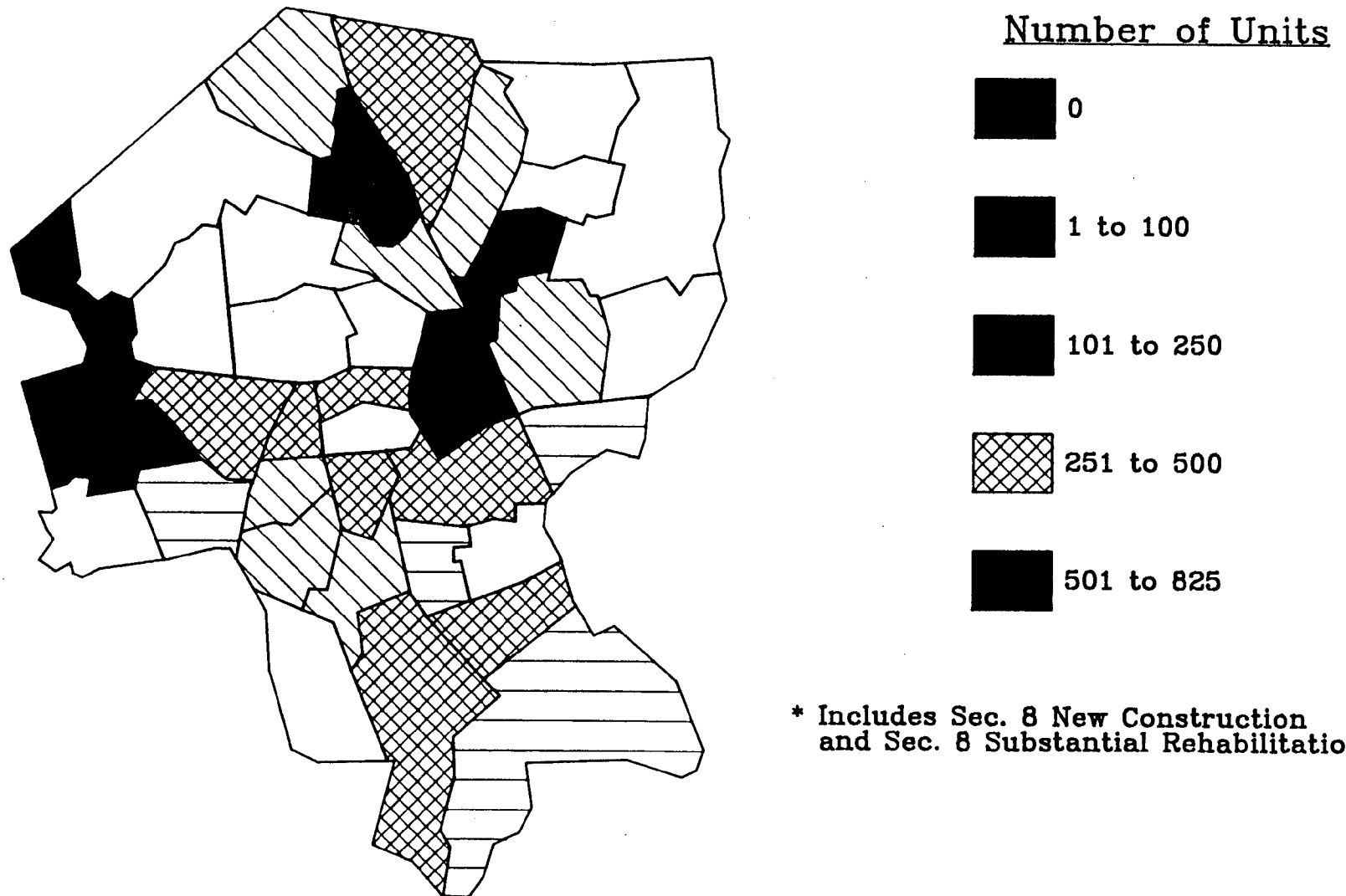


Figure A-12

Public Housing, Section 8, and Scattered Site Housing Providence Census Tracts

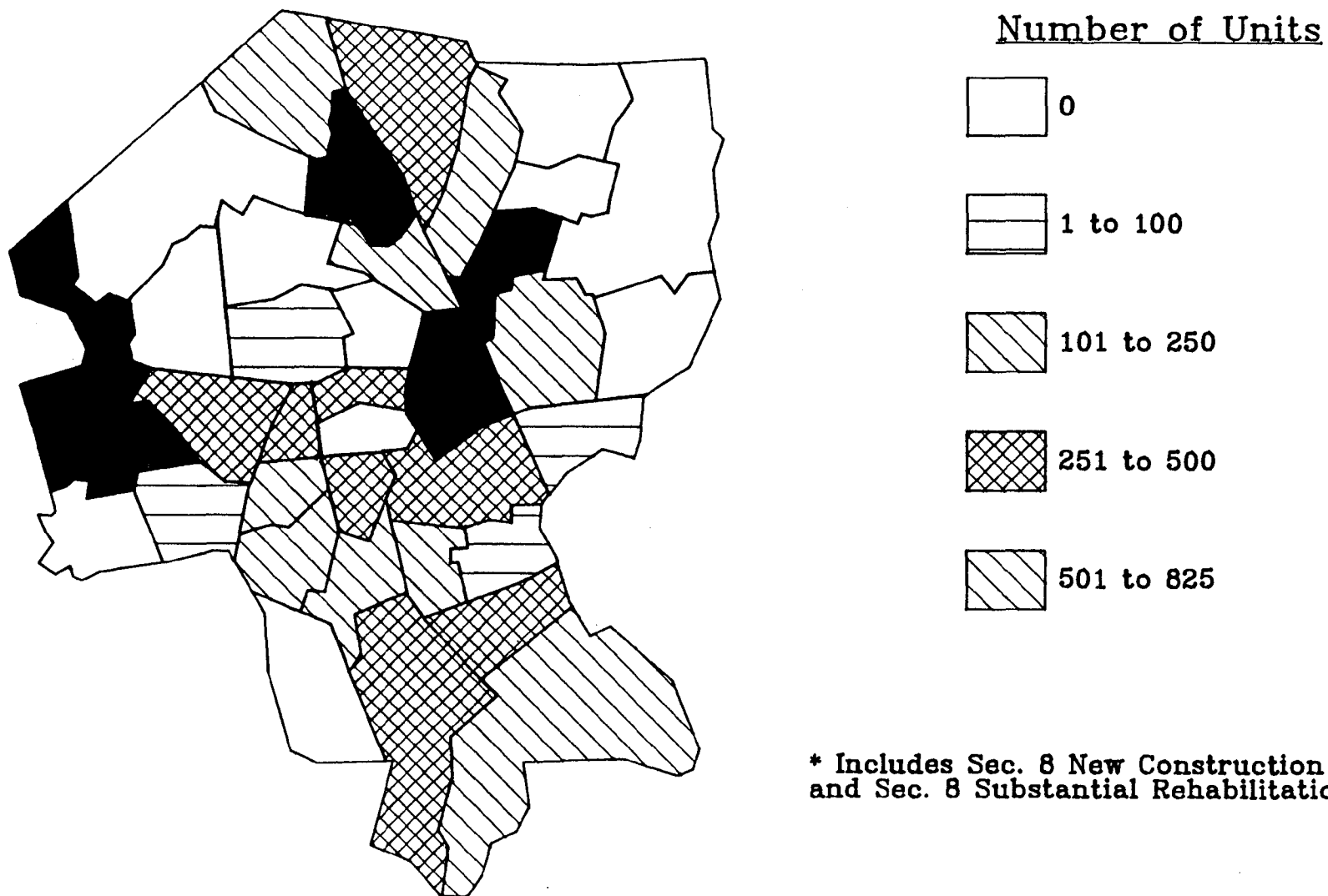


Figure A-13

Total Assisted Housing Units
Rhode Island Cities and Towns

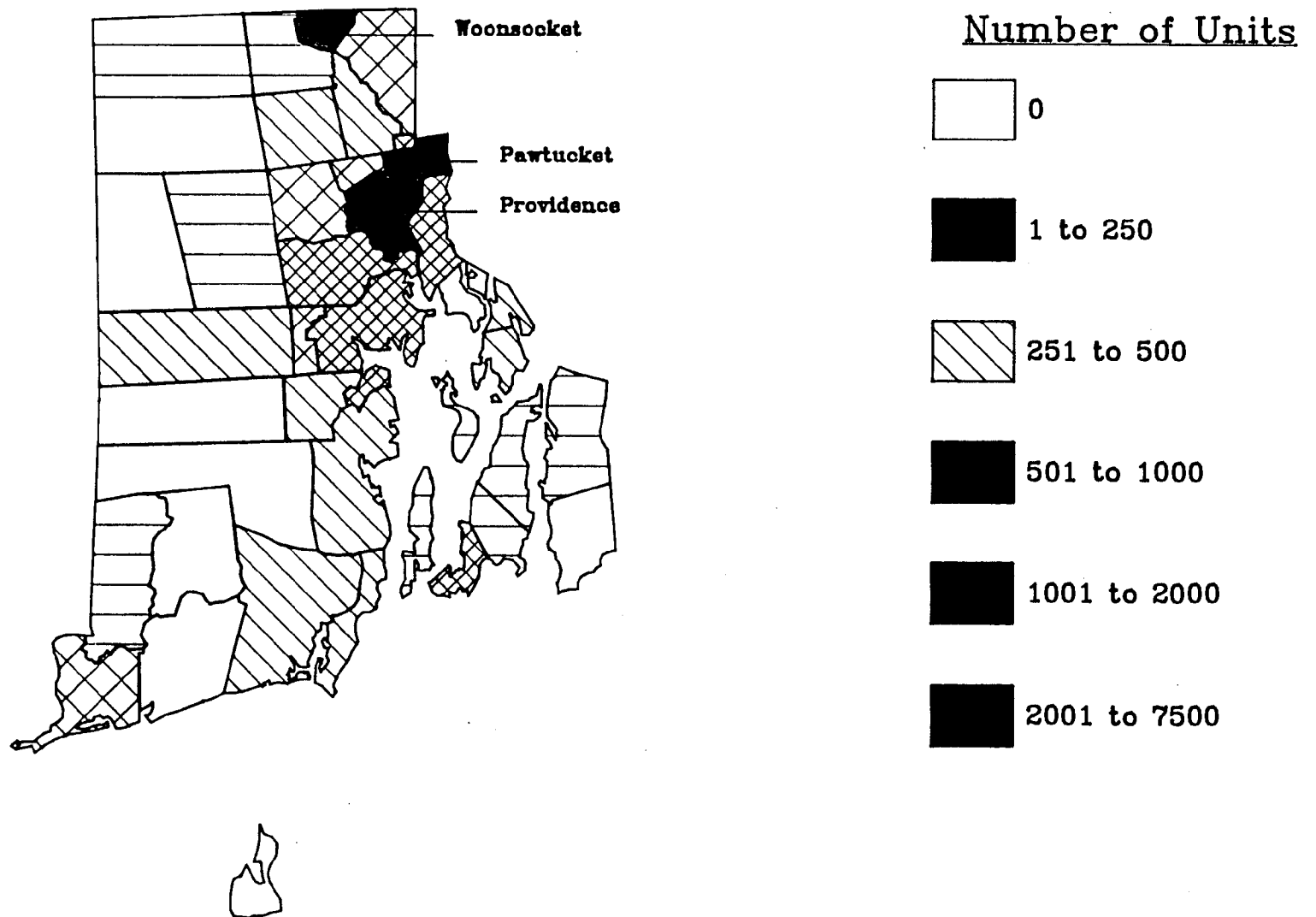


Figure A-14

Single-Family Homes in Fair or Poor Condition
Providence Neighborhood Areas

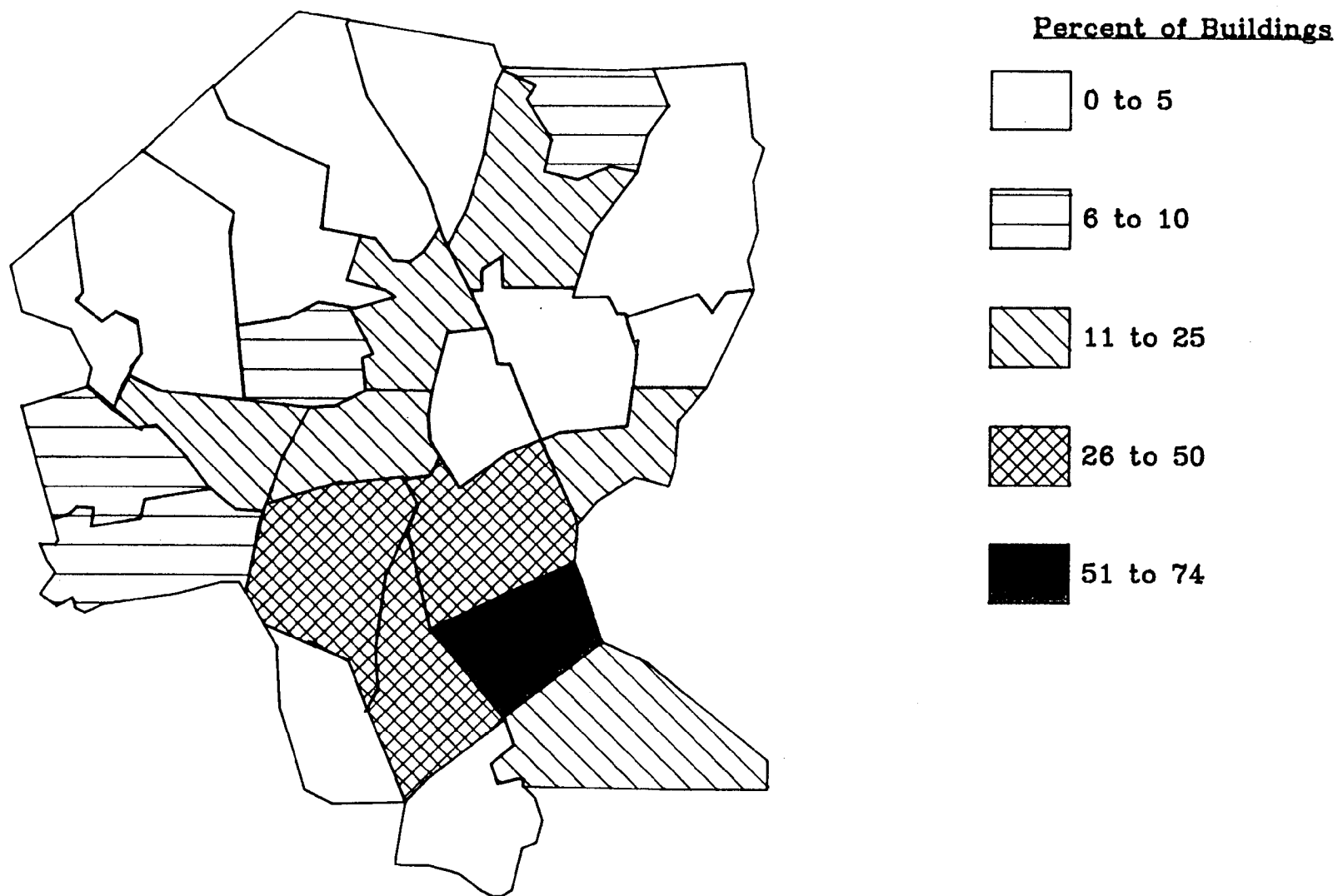


Figure A-15
2-5 Family Buildings in Fair or Poor Condition
Providence Neighborhood Areas

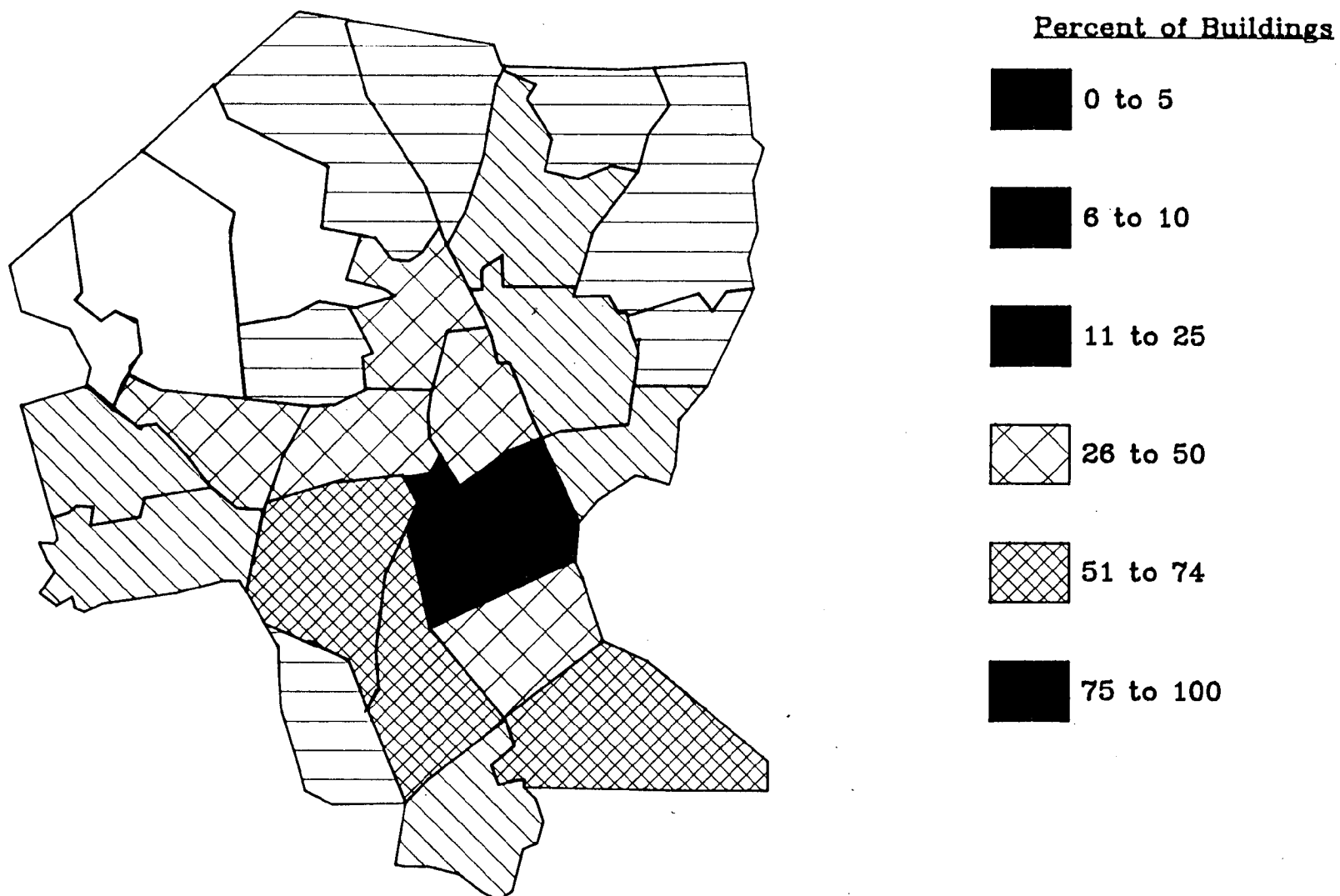


Figure A-16

Apartment Buildings in Fair or Poor Condition

Providence Neighborhood Areas

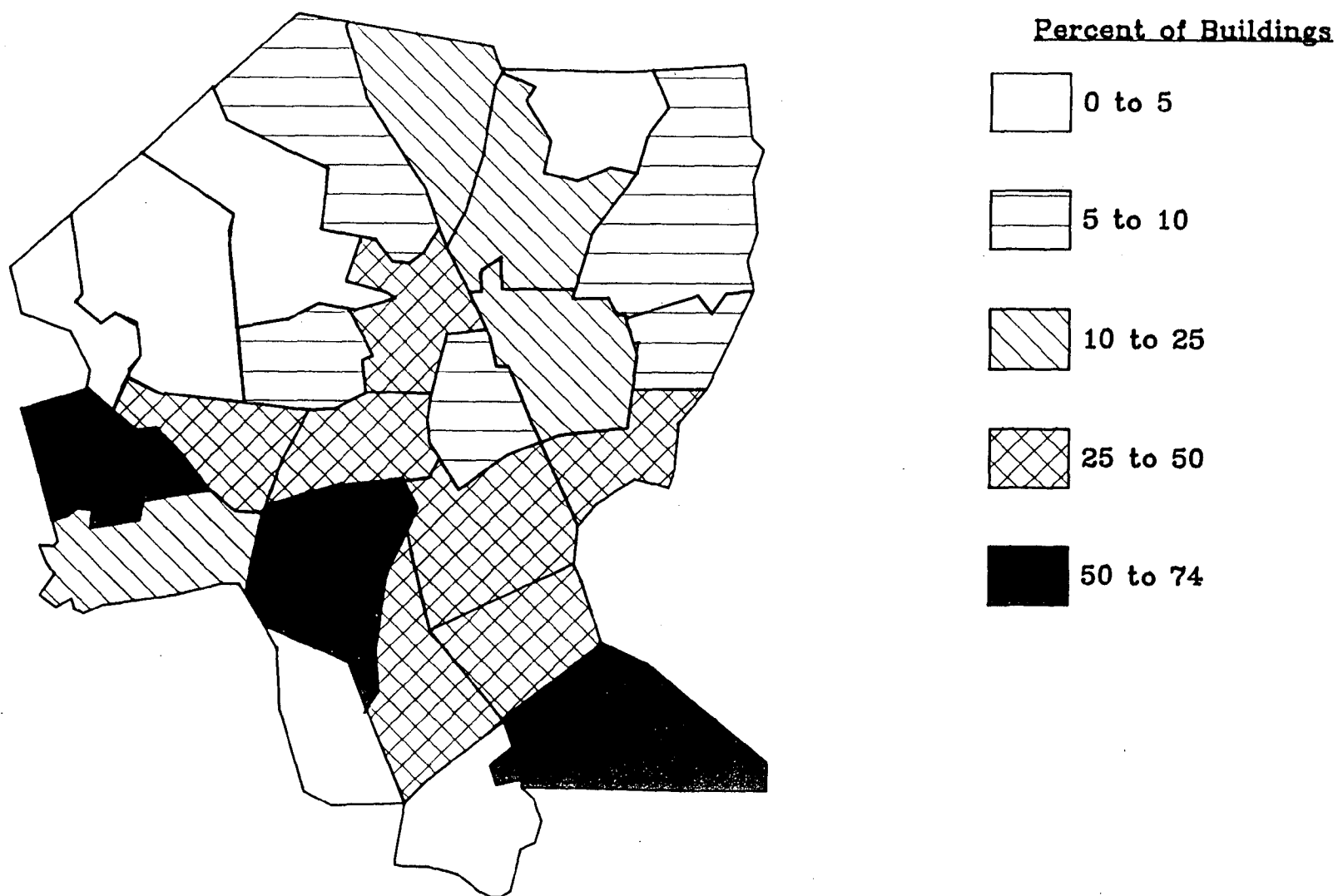
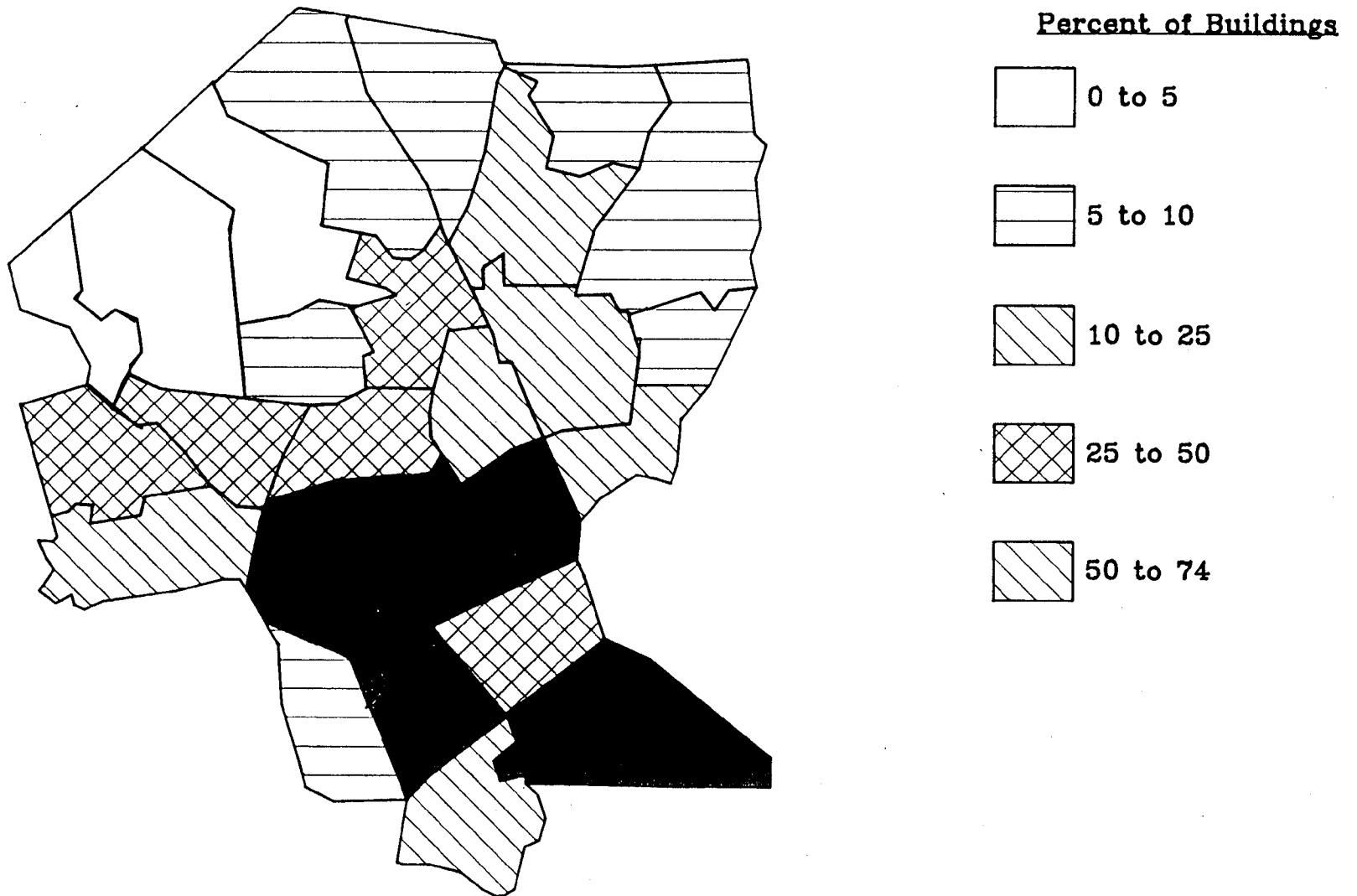


Figure A-17

Multi-Family Properties in Fair or Poor Condition
Providence Neighborhood Areas



COMMITTEE
RECOMMENDATIONS

PROBLEM

A. MISMANAGEMENT OF APARTMENTS AND UNFAIR TREATMENT OF TENANTS.

RECOMMENDATION

1. REQUIRE ALL OWNERS OF PROPERTY IN EXCESS OF (6) SIX UNITS, WHETHER INDIVIDUALLY, CORPORATELY OR IN PARTNERSHIP TO REGISTER AT THE DEPARTMENT OF BUILDING INSPECTION. THE NAMES OF ALL OWNERS HAVING A SUBSTANTIAL INTEREST IN THE PROPERTY, THEIR ADDRESSES, THE NAME OF A CONTACT PERSON , A RESIDENCE ADDRESS AND A BUSINESS PHONE NUMBER FOR SAID CONTACT PERSON.

RECOMMENDATION

2. THE CITY OF PROVIDENCE CONTAINS FAR TOO MANY FIRMS AND INDIVIDUALS POSING AS PROPERTY MANAGERS AND RENTAL AGENTS WHO POSSESS NONE OF THE NECESSARY QUALIFICATIONS, TRAINING, SENSITIVITY AND SENSE OF SOCIAL RESPONSIBILITY TO SUBSTITUTE FOR OWNERS IN THIS IMPORTANT UNDERTAKING. THE CITY SHOULD IMMEDIATELY DRAFT REGULATIONS AND PROCEDURES REQUIRING THE LICENSING AND EXAMINATION OF ALL PROPERTY MANAGEMENT FIRMS AND INDIVIDUALS OPERATING WITHIN THE CITY.

PROBLEM

B. SHORT SUPPLY OF AFFORDABLE HOUSING UNITS IN THE CITY.

RECOMMENDATION

3. THE CITY SHOULD CREATE WITHIN THE ZONING ORDINANCE A NEW CATEGORY OF LEGAL 2 1/2 UNIT BUILDINGS WHEREIN AN OWNER OCCUPIED LEGAL (2) TWO FAMILY HOUSE WITH A FULL THIRD FLOOR WOULD BE LEGALIZED AS A (3) THREE FAMILY UNIT, PROVIDED IT REMAINED OWNER OCCUPIED AND THAT THE THIRD UNIT WAS RENTED TO A LOW TO MODERATE INCOME FAMILY AT AN AFFORDABLE RENT TO BE DETERMINED BY THE HOUSING AUTHORITY AS A PERCENTAGE OF FAIR MARKET RENT, AND FURTHER PROVIDED THAT THE NECESSARY PROVISIONS FOR ADEQUATE PARKING, MINIMUM HOUSING STANDARDS, ETC. CAN BE MADE.

RECOMMENDATION

4. THE CITY SHOULD INSTITUTE AN ANTI-DEMOLITION ORDINANCE, TO STOP THE FURTHER EROSION OF THE PROVIDENCE HOUSING STOCK, WITH STRONG DISCRETIONARY POWERS FOR THE DIRECTOR OF BUILDING AND STANDARDS TO PROTECT THE QUALITY OF NEIGHBORHOODS AND WITH PROVISIONS TO ENCOURAGE THE RAPID REHABILITATION OF SUCH BUILDINGS.

RECOMMENDATION

5. THE CITY COUNCIL IN CONCERT WITH THE MAYOR AND APPROPRIATE DEPARTMENT HEADS SHOULD SERIOUSLY EXPLORE PROPERTY TAX INCENTIVES FOR OWNER OCCUPANTS WHO WILL PROVIDE GOOD QUALITY RENTAL UNITS WITHIN THEIR OWN MULTI-FAMILY HOUSES TO LOW TO MODERATE INCOME TENANTS AT AFFORDABLE RATES.

RECOMMENDATION

6. THE CITY SHOULD EXAMINE WHETHER OR NOT, AS SOME EVIDENCE HAS INDICATED, THERE ARE A LARGE NUMBER OF OWNER OCCUPIED MULTI-UNIT BUILDINGS WHERE OWNERS ARE HOLDING UNITS OFF THE MARKET FOR VARIOUS REASONS AND ATTEMPT TO WORK WITH THESE OWNERS TO ADDRESS THEIR PROBLEMS AND CONCERNS AND RETURN THESE UNITS TO THE MARKET.

RECOMMENDATION

7. THE CITY FACES A SCARCITY OF RESOURCES FOR LOW TO MODERATE INCOME HOUSING AND SHOULD DEVOTE RESOURCES WHICH ARE APPROPRIATE FOR SUCH ACTIVITIES TO THEM. ACCORDINGLY, THE CITY SHOULD DEVOTE ALL FUTURE REPAYMENT OF U.D.A.G. LOANS SPECIFICALLY TO DEVELOPMENT OF LOW TO MODERATE INCOME HOUSING.

RECOMMENDATION

8. THE MAYOR HAS, COMMENDABLY, EXPLORED THE CONCEPT OF LINKAGE AS A METHOD OF COMMITTING PRIVATE RESOURCES TO DEVELOPMENT OF LOW TO MODERATE HOUSING UNITS. THIS CONCEPT SHOULD BE EXPANDED AND NOT LIMITED TO LINKAGE OF FOR-PROFIT AND NON-PROFIT HOUSING BUT EXTENDED TO LINKAGE OF DOWNTOWN DEVELOPMENT, WHICH REPRESENTS A MUCH LARGER POOL OF LINKABLE PROJECTS, TO NON-PROFIT HOUSING.

RECOMMENDATION

9. MUCH EFFORT HAS BEEN EXPENDED BY THE P.H.A. AND VARIOUS NON-PROFIT ON BUILDING NEW LOW AND MODERATE INCOME DEVELOPMENTS. WHILE THIS EFFORT HAS BEEN POSITIVE AND SHOULD CONTINUE, TOO LITTLE EFFORT HAS BEEN GIVEN BY SUCH GROUPS TO THE IDEA OF REHABILITATING EXISTING STRUCTURES, WHICH HAS THE POTENTIAL TO BE MORE COST EFFECTIVE. THE CITY SHOULD EXPLORE THIS CONCEPT AND DEVELOP EXPERTISE TO BE SHARED WITH THE P.H.A. AND THE NON-PROFITS.

RECOMMENDATION

10. THE CITY AND STATE SHOULD EXPLORE THE USE OF THEIR OWN EXISTING BUILDINGS, INCLUDING BUILDINGS SUCH AS SCHOOLS WHICH HAVE BEEN SOLD AND REMAIN UNUSED AND COULD BE REPURCHASED, FOR REHABILITATION FOR LOW AND MODERATE INCOME HOUSING.

RECOMMENDATION

11. MANY LARGE COMMERCIAL AND INDUSTRIAL PROJECTS ARE CONTEMPLATED FOR THE CITY ON LAND WHERE ABANDONED OR SUBSTANDARD HOUSING EXISTS, YET THE EXPERTISE TO RELOCATE THESE BUILDINGS FOR REHABILITATION AND REUSE IS LIMITED. THE CITY SHOULD DEVELOP THE EXPERTISE TO MOVE THESE BUILDINGS AND WORK WITH PUBLIC UTILITIES AND CITY DEPARTMENTS SUCH AS TRAFFIC ENGINEERING TO REDUCE THE EXPENSE OF SUCH MOVES POSED BY THE IMPEDIMENT OF UTILITY LINES AND TRAFFIC LIGHTS.

RECOMMENDATION

12. MANY LOW TO MODERATE INCOME TENANTS WHO WOULD LIKE TO OWN THE UNIT IN WHICH THEY LIVE IN A MULTI-FAMILY HOUSE LACK THE FINANCIAL ABILITY TO PURCHASE THEIR SINGLE UNIT. THE CITY COUNCIL SHOULD CONSIDER AMENDING THE ZONING ORDINANCE TO ALLOW THE SPLITTING OF OWNERSHIP OF MULTIFAMILIES WITHOUT THE APPROVAL OF THE ZONING BOARD OF REVIEW.

RECOMMENDATION

13. MANY FORECLOSURES AND TAX SALES OCCUR EVERY YEAR IN WHICH THE ONLY BIDDERS FOR THE PROPERTY ARE LARGE PROPERTY OWNERS WHO HAVE THE FINANCIAL RESOURCES TO MEET THE REQUIREMENTS FOR PURCHASING AT SUCH SALES, THE P.H.A. SHOULD BECOME INVOLVED IN BIDDING ON SUCH PROPERTIES AND REUSE THEM FOR LOW TO MODERATE INCOME HOUSING WHETHER AS TENANCY OR CONVERSION TO TENANT OWNERSHIP.

PROBLEM

C. ESCALATING RENTS

RECOMMENDATION

14. THIS COMMITTEE HAS CAREFULLY STUDIED RENT CONTROL IN VARIOUS FORMS WHERE IT HAS BEEN APPLIED IN OTHER CITIES THROUGHOUT THE COUNTRY AND CONCLUDES THAT THE PROBLEMS OF MANAGEMENT OF RESERVING SUCH UNITS JUST FOR LOW INCOME PEOPLE AND OF PREVENTING ABUSE ARE TOO COMPLEX FOR THIS CITY AT THIS TIME, AND WOULD DETRACT TOO GREATLY FROM OTHER MORE VIABLE SOLUTIONS TO THE HOUSING PROBLEM AND THEREFORE DOES NOT RECOMMEND FURTHER EXAMINATION OF THE OPTION OF RENT CONTROL AT THIS TIME.

RECOMMENDATION

15. WITH ESCALATING RENTS THERE IS STILL AN UNACCEPTABLY HIGH PROPORTION OF LOW TO MODERATE INCOME FAMILIES IN THE CITY WHO SIMPLY CANNOT AFFORD THE RENT, AND THERE IS AN EXTREMELY SMALL NUMBER OF SECTION 8 VOUCHERS AND CERTIFICATES TO ADDRESS THIS PROBLEM. THE CITY AND STATE SHOULD COMMIT THEMSELVES TO DEVELOPING AND IMPLEMENTING A SIMILAR PROGRAM TO SUPPLEMENT THE FEDERAL PROGRAM TO SUPPLY MORE SECTION 8 TYPE VOUCHERS AND CERTIFICATES TO THESE FAMILIES.

RECOMMENDATION

16. ALTERNATIVE OWNERSHIP STRATEGIES HAVE BEEN TRIED IN PROVIDENCE WITH LIMITED SUCCESS, BUT SEEM TO BE MUCH MORE UTILIZED IN OTHER CITIES THROUGHOUT THE COUNTRY. THE CITY SHOULD ASSIGN PLANNING STAFF TO WORK WITH THE NON-PROFITS RIHMFC, P.H.A. AND BANKS TO SERIOUSLY EXPLORE ALTERNATIVE HOUSING STRATEGIES LIKE COOPS, LOW INCOME CONDOS, ETC.

PROBLEM

D. INABILITY OF NON-PROFIT HOUSING ORGANIZATIONS TO EXPAND THEIR HOUSING PROGRAMS TO A.) ASSIST MORE PROVIDENCE RESIDENTS AND B.) TO SERVE ALL NEIGHBORHOODS THAT NEED THEIR PROGRAMS.

RECOMMENDATION

17. NON-PROFIT HOUSING ORGANIZATIONS HAVE DEVELOPED A COMMENDABLE TRACK RECORD IN DEVELOPING INNOVATIVE RESPONSES TO HOUSING PROBLEMS IN THE CITY OF PROVIDENCE. UNFORTUNATELY, THE CITY'S NON-PROFITS HAVE BEEN SEVERELY CONSTRAINED IN THEIR EFFORTS BY THE VERY LIMITED FINANCIAL AND TECHNICAL RESOURCES AVAILABLE TO THEM. THE CITY IS STRONGLY ENCOURAGED TO 1.) PROVIDE ADDITIONAL FINANCIAL AND TECHNICAL RESOURCES TO SUCH ORGANIZATIONS AND 2.) TO ENCOURAGE THE ESTABLISHMENT OR EXPANSION OF NON-PROFIT HOUSING ORGANIZATIONS IN NEIGHBORHOODS WHERE THEY ARE NEEDED BUT HAVE BEEN PREVENTED BY RESOURCE CONSTRAINTS FROM OPERATING.

PROBLEM

E. LACK OF A COMPREHENSIVE HIGH PRIORITY AGENDA WITHIN CITY GOVERNMENT TO DEVELOP STRATEGIES TO INCREASE THE AVAILABILITY OF GOOD HOUSING FOR LOW TO MODERATE INCOME FAMILIES.

RECOMMENDATION

18. THE CITY NEEDS TO SIGNAL ITS COMMITMENT TO ADDRESS THESE ISSUES AND DEVELOP THE EXPERTISE TO DO SO, AS SUCH THE MAYOR SHOULD APPOINT AS SOON AS POSSIBLE WITHIN THE CITY DEPARTMENT OF PLANNING, A HOUSING COORDINATOR WHO WILL WORK EXCLUSIVELY ON DEVELOPING VARIOUS SOLUTIONS TO THESE PROBLEMS AND WHO WOULD REPORT DIRECTLY TO THE DEPARTMENT DIRECTOR.

RECOMMENDATION

19. MUCH TOO LITTLE OF THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT BUDGET HAS BEEN DEVOTED OVER TEN YEARS TO DIRECT ASSISTANCE OF HOUSING ACTIVITIES. THE CITY COUNCIL AND THE MAYOR SHOULD WORK IMMEDIATELY TO DEVELOP A REALLOCATION OF MONIES WITHIN THE C.D. BUDGET TO CREATE A THRESHOLD OVER THE NEXT THREE YEARS TO INCREASE THE PERCENTAGE OF THE C.D. BUDGET ALLOWED TO HOUSING ACTIVITIES TO 50% BY REDUCING PERCENTAGES SPENT ON SOCIAL PROGRAMS, STAFF, AND OTHER ACTIVITIES WHICH COULD AND SHOULD BE FUNDED BY OTHER PRIVATE AND PUBLIC SOURCES.

PROBLEM

F. GEOGRAPHIC OVERCONCENTRATION OF LOW AND MODERATE HOUSING CREATING A POLITICAL RESISTANCE TO DEVELOPMENT OF MORE UNITS AND A REINFORCEMENT OF SOCIAL PROBLEMS RESULTING IN INCREASED EXPENDITURES OF SCARCE CITY DOLLARS.

RECOMMENDATION

20. THE CITY PLAN COMMISSION SHOULD DEVELOP POLICIES AND SUBMIT THEM TO THE CITY COUNCIL FOR A MAXIMUM DISPERSION OF LOW AND MODERATE INCOME HOUSING THROUGHOUT THE CITY PARTICULARLY IN NEIGHBORHOODS WHICH CURRENTLY LACK ANY APPRECIABLE PRESENCE OF LOW AND MODERATE INCOME AND SUCH POLICIES SHOULD SERVE AS A BACKDROP FOR ALL FUTURE LOW AND MODERATE INCOME HOUSING DEVELOPMENT.

RECOMMENDATION

21. THE CITY OF PROVIDENCE LIKE MOST CORE CITIES HAS BEEN ASKED TO SHOULDER A DISPROPORTIONATE SHARE OF THE LOW TO MODERATE INCOME HOUSING BURDEN. THE CITY COUNCIL SHOULD IMMEDIATELY CONSIDER A RESOLUTION CALLING ON THE STATE LEGISLATURE TO REQUIRE ALL CITIES AND TOWNS IN THE STATE TO DEVELOP A H.A.P. PLAN AS A CONDITION OF RECEIVING STATE AID TO CITIES AND TOWNS.

RECOMMENDATION

22. COMMUNICATION BETWEEN R.I.H.M.F.C., THE PRIMARY STATE AGENCY INVOLVED WITH DEVELOPING HOUSING, AND THE TWO HOUSING AGENCIES OF THE CITY, THE P.H.A. AND D.P.D. HAVE BEEN INADEQUATE WHEN THEY ARE MUTUALLY INVOLVED IN PROGRAMS (SUCH AS THE PROVIDENCE HOUSING FUND). THIS RELATIONSHIP SHOULD BE ADDRESSED WITH THE D.P.D STAFF WORKING ON DEVELOPING SUGGESTIONS FOR NEW STATE PROGRAMS AND THE STATE SHOULD CONSIDER INCLUDING D.P.D. STAFF REPRESENTATION ON THE R.I.M.F.C. BOARD OF DIRECTORS.

RECOMMENDATIONS

23. R.I.H.M.F.C. FUNDS HAVE BEEN OFTEN RESERVED BY ALLOCATIONS TO COMMUNITIES WHICH DO NOT DEMONSTRATE AN ADEQUATE NEED OR ABILITY TO UTILIZE THEM OR NOT ALLOCATED BY COMMUNITY AT ALL. R.I.H.M.F.C. SHOULD CONSIDER REALLOCATING ITS RESOURCES TO COMMUNITIES SUCH AS PROVIDENCE BASED ON NEED AND OPENNESS TO LOW AND MODERATE INCOME HOUSING AND ITS PROGRAMS SHOULD BE MORE TAILORED TO THE NEEDS OF THESE MORE NEEDY/RECEPTIVE COMMUNITIES.

PROBLEM

THE STATE OF RHODE ISLAND HAS NOT SHOULDERED ITS FAIR SHARE OF THE BURDEN OF PROVIDING LOW INCOME HOUSING.

RECOMMENDATION

24. THE R.I.H.M.F.C. PROGRAM HAS BEEN GREATLY UTILIZED BY MODERATE INCOME FAMILIES TO FACILITATE HOME PURCHASES BUT UNTIL RECENTLY HAS NOT REACHED LOW INCOME FAMILIES. R.I.H.M.F.C. SHOULD CONTINUE AND EXPAND ITS RECENT EFFORTS TO ASSIST LOW INCOME FAMILIES IN THE PURCHASE OF HOMES PARTICULARLY THE MULTI-FAMILY HOUSES WHICH COULD BE AFFORDABLE FOR LOW INCOME OWNERS BECAUSE OF THE RENTAL INCOME.

RECOMMENDATION

25. R.I.H.M.F.C. HAS ASSISTED FOR-PROFIT AND NON-PROFIT DEVELOPERS IN REHABILITATION AND NEW CONSTRUCTION OF LARGER LOW TO MODERATE INCOME DEVELOPMENTS, BUT HAS NOT HAD SIGNIFICANT IMPACT ON ASSISTING OWNERS OF TWO LAND THREE FAMILY DWELLINGS TO REHABILITATE THEIR STRUCTURES. R.I.H.M.F.C. SHOULD DESIGN AND IMPLEMENT PROGRAMS TO ASSIST THIS TYPE OF HOUSING IMPROVEMENT.

26. THE MAYOR'S INITIATIVE ON ANTI-SPECULATION TAX SUPPORTED BY THE CITY COUNCIL WAS NOT ADEQUATELY CONSIDERED BY THE LEGISLATURE. THE LEGISLATURE SHOULD WORK WITH THE MAYOR AND COUNCIL LEADERS TO EXPLORE THE FEASIBILITY OF AN ANTI-SPECULATION TAX DESIGNED TO ENCOURAGE REHABILITATION EFFORTS BY REAL ESTATE INVESTORS WHICH DISCOURAGING SPECULATION.

CC

PROBLEM

I. INADEQUATE SUPPORT FOR LOW TO MODERATE INCOME PEOPLE TO BUY AND OWN HOMES.

RECOMMENDATION

27. WITH RECENT EVOLUTION IN BANKING PRACTICES AND THE ADVENT OF HEAVY RESISTANCE ON THE "SECONDARY MARKET" HOME PURCHASE HAS BECOME MORE DIFFICULT FOR LOW INCOME PEOPLE. THE CITY SHOULD FOLLOW THE LEAD OF LOCAL NON-PROFITS IN UTILIZING THE REQUIREMENTS OF THE COMMUNITY REINVESTMENT ACT TO ENCOURAGE LENDING INSTITUTIONS TO MAKE MORE RESOURCES AVAILABLE TO PROVIDE LOW AND MODERATE INCOME HOME PURCHASE OPPORTUNITIES WITH PARTICULAR EMPHASIS ON THE PROBLEM OF DOWNPAYMENTS, QUALIFYING RATIOS AND PRIVATE MORTGAGE INSURANCE.

CC

RECOMMENDATION

28. THE CITY SHOULD EXPLORE WITH PRIVATE INSTITUTIONS AND PENSION BOARDS THE FEASIBILITY OF USING ENDOWMENT AND PENSION MONEYS AS A SOURCE OF LOW-INTEREST MORTGAGE MONEY AS A FORM OF LINKAGE, SUCH AS EXISTS IN NEW HAVEN WITH YALE UNIVERSITY.

CC

RECOMMENDATION

29. MANY LOW TO MODERATE INCOME TENANTS WHO LIVE IN ABSENTEE OWNED MULTI-FAMILIES WITH THE CONSTANT THREAT OF RENT INCREASES OR EVICTION DUE TO THE RESALE OR AN EVER IMPROVING MARKET, HAVE EXPRESSED INTEREST IN PURCHASING THE PROPERTIES IN WHICH THEY LIVE BUT DO NOT KNOW HOW TO GO ABOUT IT. THE CITY AND NON-PROFITS SHOULD WORK WITH THESE TENANTS AND PROVIDE ASSISTANCE TO THEM IN EXPLORING THIS POSSIBILITY.

RECOMMENDATION

30. AN UNFORTUNATE NUMBER OF LOW TO MODERATE INCOME OWNER OCCUPANTS LOSE THEIR HOUSES TO MORTGAGE FORECLOSURE AND ARE FORCED BACK ON TO AN ALREADY OVERCROWDED TENANT MARKET OFTEN PAYING MORE IN RENT THAN THEIR MORTGAGE. THE CITY SHOULD PROVIDE ASSISTANCE IN THE FORM OF COUNSELING OR CREATIVE FINANCIAL ASSISTANCE TO THESE TENANTS TO AVOID THIS PROBLEM WHICH ONLY EXACERBATES AN ALREADY SEVERE SITUATION.

RECOMMENDATION

31. THERE REMAIN MANY STRUCTURES WHICH COULD BE PURCHASED AND REHABILITATED AT REASONABLE PRICES, BUT THE PHENOMINAL INCREASE IN LOCAL REAL ESTATE PRICES HAS VIRTUALLY ENDED THE NOTABLE SUCCESS OF THE S.W.A.P. PROGRAM IN ASSISTING LOW AND MODERATE INCOME FAMILIES TO PURCHASE AND REHABILITATE THESE STRUCTURES WITH A COMBINATION OF REHAB MORTGAGES AND SWEAT EQUITY. R.I.H.M.F.C. AND LOCAL BANKS SHOULD DESIGN NEW PROGRAMS TO ALLOW LOW AND MODERATE INCOME PEOPLE TO PURCHASE AND REHABILITATE THESE MULTI-FAMILIES WITH ALLOWANCES FOR SWEAT EQUITY, AND THE CITY SHOULD TARGET RENTAL-REHAB FUNDS TO ASSIST THESE EFFORTS.

PROBLEM

J. LACK OF AVAILABLE AND AFFORDABLE LAND FOR NEW HOUSING CONSTRUCTION.

RECOMMENDATIONS

32. THE CITY COUNCIL'S VACANT LOT ORDINANCE WRITTEN SEVERAL YEARS AGO WAS DESIGNED TO PRIMARILY DEAL WITH A PROBLEM OF AN ABUNDANCE OF VACANT LAND. IN THE SHORT TIME SINCE IT'S DRAFTING AND PASSAGE BY THE COUNCIL THE PROBLEM HAS REVERSED ITSELF AND THE ORDINANCE SHOULD NOW BE REEXAMINED BY THE COUNCIL TO PROVIDE FOR MORE CAREFUL MONITORING OF THE DISPOSITION OF THESE LOTS AND MORE AVAILABILITY OF LAND FOR LOW AND MODERATE INCOME HOUSING DEVELOPMENT.

RECOMMENDATION

33. THE CITY COUNCIL HAS RECENTLY STRUGGLED WITH THE PROBLEM OF SMALLER LOTS BEING UTILIZED FOR HOUSING DEVELOPMENT WITH NEGATIVE ASTHETIC CONSEQUENCES FOR OUR NEIGHBORHOODS. THE COUNCIL SHOULD EXAMINE MODIFICATION TO SET BACK REQUIREMENTS WHICH MIGHT ALLOW STRATEGIES LIKE "ZERO LOT ZONING" TO UTILIZE SMALLER PARCELS WITH CAREFUL DESIGN REVIEW CONTROL FOR CONTINUED DEVELOPMENT OF LOW TO MODERATE INCOME HOUSING WITHOUT A NEGATIVE ASTHETIC IMPACT.

MINORITY REPORT

A MINORITY REVIEW

Respectfully submitted by: Stephen Daniels

This writer is not trying to tear asunder the work and dedication of the committee which labored long and hard on the report before us; not by any means. However, I feel compelled to address a few of the items contained herein and express my minority opinions.

Basically, I feel that the market place speaks and makes it's own adjustments and corrections. Let's face it, 1986 was a fluke and hardly likely to be repeated. Providence has been discovered and rightly so. Many of our social problems revolve around a lack of education - not formal schooling education - rather, in information being made available to those most in need, to help them help themselves. Society should concentrate on providing tools and teach how to use them. There are dozens of programs in place for housing and mortgage assistance. Home ownership is the American Dream. Let's reach out and teach others how to attain these goals.

1. The Landlord - Tenant Act of 1987 requires the owners of property to furnish each tenant with the name, address, and phone number of two people charged with the responsibility of managing the property.
6. Owner occupants of multi-family housing have every right, for whatever reason, to keep a unit vacant.
8. Linkage drives up development costs and in most cases is seen as a negative factor by developers.
20. Low income housing cannot be evenly distributed throughout the city, nor should it be. Cost factors vary greatly with neighborhoods and some are just prohibitive for this use. I feel that such uses would devalue properties in such areas as Elmhurst and the East Side.
26. Speculation tax bills were indeed adequately considered by the legislature and deemed unfair and confiscatory in nature. Why would anyone buy a piece of property if upon sale 80% of the project would go to the state and the remainder to the government? This socialistic type of legislation would be devastating to the real estate values and discourage any type of investing in real property. It would destroy the very fabric of the free enterprise system.

COMMITTEE MEMBERS

COMMITTEE ON HOUSING POLICY FOR
THE CITY OF PROVIDENCE

COMMITTEE MEMBERS:

James N. Adams	Providence Human Relations Commission
Dottie Black	Elmwood Community Center
Sister Angela Daniels	Assumption Parish/West End
Stephen Daniels	Daniels & Company Real Estate
Nicholas W. Easton	Providence City Council President
Joseph Fowlkes	Providence Human Relations Commission
Art Hanson	City Dept. of Planning & Development
Gilda Jeffrey	West Broadway/Housing Development
Terry Milliken	West Broadway/Senior
Professor Thomas Anton	Brown University
Professor Peter Eisenger	Brown University
Professor Michael Rich	Brown University

MEETING DATES:

October 20, 1986	February 11, 1988
November 6, 1986	February 25, 1988
December 14, 1986	March 9, 1988
February 12, 1987	March 31, 1988
May 14, 1987	August 24, 1988
July 1, 1987	September 19, 1988
October 20, 1987	September 29, 1988
December 3, 1987	October 6, 1988

PRESS CONFERENCE

October 20, 1988

COUNCIL PRESIDENT
• NICHOLAS W. EASTON



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City of Providence, Rhode Island

October 20, 1988

Ms. Rose Mendonca
City Clerk
c/o Department of City Clerk
City Hall
Providence, Rhode Island 02903

Dear Ms. Mendonca:

Communication from Council President Nicholas W. Easton to the City Council transmitting the report of the Committee on Housing Policy for the City of Providence in accordance with the Resolution passed on June 30, 1986.

Sincerely,

NICHOLAS W. EASTON
Council President

NWE
(Enc)