

Barrington Community Comprehensive Plan (BCCP) “Capturing Existing Housing” Strategy

Using Repair Grant Funding, Tax Assessment
Subsidies and Deed Restrictions to Achieve
LMI Housing Goals



LMI Income Housing Definition

"Low or moderate income housing" means any housing subsidized by the federal, or state, or municipal government under any program to assist the construction or rehabilitation of housing as low or moderate income housing, as defined in the applicable federal or state statute, or local ordinance whether built or operated by any public agency or any nonprofit organization, or by any limited equity housing cooperative or any private developer, that will remain affordable for ninety-nine (99) years or such other period that is either agreed to by the applicant and town but shall not be for a period of less than thirty (30) years from initial occupancy through a land lease and/or deed restriction or prescribed by the federal or state subsidy program but shall not be for a period less than thirty (30) years from initial occupancy through a land lease and/or deed restriction.

LMI Housing Strategy Goal

The state must **maintain a comprehensive housing strategy** applicable to all cities and towns that addresses the housing needs of different populations including, but not limited to, workers and their families **who earn less than one hundred twenty percent (120%) of median income**, older citizens, students attending institutions of higher education, low and very low income individuals and families, and vulnerable populations including, but not limited to, persons with disabilities, homeless individuals and families, and individuals released from correctional institutions.

Source: RI Public Laws, Chapter 286 <http://www.rilin.state.ri.us/PublicLaws/law04/law04286.htm>

Affordable Housing Definition

“Affordable housing” means residential housing that has a sales price or rental amount that is within the means of a household that is moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes, which may be adjusted by state and local programs for property tax relief, and insurance constitute no more than thirty percent (30%) of the gross household income for a moderate income household.

Moderate Income Household Definition

“Moderate income household” means a single person, family, or unrelated persons living together whose adjusted gross income is more than eighty percent (80%) but less than one hundred twenty percent (120%) of the area median income, adjusted for family size.

How to Achieve LMI Goal

In reviewing the comprehensive permit request, the local review board may deny the request for any of the following reasons: (A) if city or town has an approved affordable housing plan and is meeting housing needs, and the proposal is inconsistent with the affordable housing plan; (B) the proposal is not consistent with local needs, including, but not limited to, the needs identified in an approved comprehensive plan, and/or local zoning ordinances and procedures promulgated in conformance with the comprehensive plan; (C) the proposal is not in conformance with the comprehensive plan; (D) the community has met or has plans to meet the goal of ten percent (10%) of the year-round units or, in the case of an urban town or city, fifteen percent (15%) of the occupied rental housing units as defined in section 45-53-3(2)(i) being low and moderate income housing; or (E) concerns for the environment and the health and safety of current residents have not been adequately addressed.

Barrington's LMI Inventory

Housing Units in Barrington

Number of year-round housing units	6,268
Housing units that qualify as affordable	160
Affordable housing units reserved for the elderly	60
Affordable housing units reserved for families	65
Affordable housing units reserved for persons with special needs	35
Homes funded through Building Homes Rhode Island	61

How much housing is needed?

Additional housing units necessary to meet the 10% threshold established by the State's Low and Moderate Income Housing Act of 2004	467
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Source: <http://www.housingworksri.org/cities-towns/barrington>

Existing Strategy in BCC Plan

BARRINGTON COMPREHENSIVE COMMUNITY PLAN: 2009 UPDATE / AMENDED MAY 2012

Potential Captured Existing Affordable Units							
Zoning District	Existing Units	Percent of Units Potential Affordable	Number Units Potential Affordable	Percent Aff. Units Captured	Number Aff. Units	Aff. Units Rounded	% Total Existing Units
B	26	4%	1.04	100%	1.04	1	4.00%
NB	127	4%	5.08	100%	5.08	5	4.00%
R10	2757	4%	110.28	30%	33.08	33	1.20%
R25	2599	2%	51.98	30%	15.59	16	0.60%
R25C	37	1%	0.37	30%	0.11	0	0.30%
R40	274	1%	2.74	30%	0.82	1	0.30%
Total	5,820	Total	171.49		55.73	56	0.96%

Table C-1: LMI Units by Strategy and Year

Strategy	Units per Year																				Total Units				
	Year*																								
	1*	2	3	4	5	1-5	6	7	8	9	10	6-10	11	12	13	14	15	11-15	16	17	18	19	20	16-20	
Capture Existing "Affordable Homes" (30%)	--	--	--	--	--	0	2	2	3	3	3	13	3	3	3	4	4	17	4	5	5	6	6	26	56

- Existing yield plan calls for 56 units by 2020
- None achieved to date – currently 22 units off of the pace

Source: <http://www.ci.barrington.ri.us/complan.php>

“Capturing Existing Housing” Potential Updated Demographics

LMI	Number of Household Incomes @ LMI and Below	FY13 LMI Annual Income Limit for a Family of 4	Number of Homes Valued @ LMI and Below	Max Sale's Price for 3 Bed Room House
120%	2,421	\$86,640.00	2,497	\$321,000.00
100%	2,040	\$72,200.00	1,320	\$267,500.00
90%	1,776	\$64,980.00	741	\$240,500.00
80%	1,400	\$57,760.00	319	\$214,000.00
60%	1,250	\$43,320.00	31	\$160,500.00

- 2,497 Homes Valued at 120% LMI or below
- 2,040 Households w/ Median Incomes at 100% LMI or below

Sources: http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP03
and Town of Barrington Assessed Valuation and Taxes – Tax Roll 2014

“Capturing Existing Housing” Calculated Parameters

LMI	FY13 LMI Annual Income Limit for a Family of 4	Max Housing Payment based on 30% of Monthly Income
120%	\$86,640.00	\$2,166.00
100%	\$72,200.00	\$1,805.00
90%	\$64,980.00	\$1,624.50
80%	\$57,760.00	\$1,444.00
60%	\$43,320.00	\$1,083.00

LMI	Max Sale's Price for 3 Bed Room House	Amount Financed based on 5% Down	Interest Rate (0.25 over FANNIE MAE 30yr AVG)	Principle and Interest	Monthly Property Tax at 1.82%	Property Insurance	Total Monthly Payment
120%	\$321,000.00	\$304,950.00	4.750	\$1,584.49	\$486.85	\$93.63	\$2,164.97
100%	\$267,500.00	\$254,125.00	4.750	\$1,320.41	\$405.71	\$78.02	\$1,804.14
90%	\$240,500.00	\$228,475.00	4.750	\$1,187.13	\$364.76	\$70.15	\$1,622.04
80%	\$214,000.00	\$203,300.00	4.750	\$1,056.33	\$324.57	\$62.42	\$1,443.31
60%	\$160,500.00	\$152,475.00	4.750	\$792.25	\$243.43	\$46.81	\$1,082.48

- Max Sale Price for 120% LMI \$321,000
- 100% LMI Median Income \$72,200

Proposed Repair Grant & Subsidies

LMI	Max Sale's Price for 3 Bed Room House	Difference between Tiers	Max Repair Grant Based on Up to \$25,000	Proposed Tax Assessment Subsidy to reach 100% LMI Level	Annual Prop Tax Savings
120%	\$321,000.00	\$0.00	Amount up to 120% LMI NTE \$25K	None	TBD
100%	\$267,500.00	\$53,500.00	\$25,000.00	\$0.00	\$0.00
90%	\$240,500.00	\$27,000.00	\$25,000.00	\$27,000.00	\$491.40
80%	\$214,000.00	\$26,500.00	\$25,000.00	\$53,500.00	\$973.70
60%	\$160,500.00	\$53,500.00	\$25,000.00	\$107,000.00	\$1,947.40

Elements of the “Capturing Existing Housing” Program:

- Potentially captures affordable housing inventory up to 120% LMI
- Provides Repair (Rehabilitation) Grants up to \$25,000
- Provides progressive annual tax subsidies to low income families up to 100% LMI level
- Property values (future sales price) to be locked in at next highest tier (after completion of renovations) using 30 year deed restriction

Example Scenario

- * Family of 4 with a household income of \$55,000 living in an owner occupied home in Barrington currently assessed at \$220,000.
- * This family would be eligible based on the following criteria:
 - * Income is currently under 80% LMI.
 - * Their home is currently assessed under the suggested 80% LMI sales price.
- * Under the Program:
 - * The owners would agree to a 30 year deed restriction.
 - * The family would receive a grant of \$25,000 for needed repairs, energy upgrades, capital improvements, etc....
 - * The home would be reassessed at \$230,000 based on the completion of the improvements.
 - * The future selling price of the home would be locked in at the next higher full tier (100% LMI) for the next 30 years.

Homeowner Cost Benefit Analysis

LMI	Max Sale's Price for 3 Bed Room House	Max Repair Grant Based on Up to \$25,000	Potential Prop Tax Assessment Subsidy Assuming 100% LMI Housing	Annual Prop Tax Savings @1.82%	Cumulative Tax Savings over 30 years (Ignores Benefit of PV of Money)	Total Program Payout over 30 years (Ignores Benefit of PV of Money)	Est Future Value based on Shiller Index Historical Data (132%)	Est Max LMI Sale's Price Based on Historical Median Income increases over last 30 years (160%)	Potential Future Loss (Reflected in Negative Values)
120%	\$335,500.00	Amount up to 120% LMI NTE \$25K	None	TBD	TBD	TBD	\$442,860.00	\$536,800.00	\$93,940.00
100%	\$279,500.00	\$25,000.00	\$0.00	\$0.00	\$0.00	\$25,000.00	\$368,940.00	\$447,200.00	\$78,260.00
90%	\$251,500.00	\$25,000.00	\$28,000.00	\$509.60	\$15,288.00	\$40,288.00	\$331,980.00	\$402,400.00	\$70,420.00
80%	\$223,500.00	\$25,000.00	\$56,000.00	\$1,019.20	\$30,576.00	\$55,576.00	\$295,020.00	\$357,600.00	\$62,580.00
60%	\$167,500.00	\$25,000.00	\$112,000.00	\$2,038.40	\$61,152.00	\$86,152.00	\$221,100.00	\$268,000.00	\$46,900.00

Analysis:

- Using 30 year analysis of existing homes; median household incomes at all levels have outpaced property values
- Even without an annual subsidy there is a potential benefit for homeowners earning above 100% LMI but, below 120% LMI

Current Tax Subsidies

Code	Description	Amount	Tax Amount	Exemption	Annual Subsidy per Exemption	Number of Recipients
SPHO	VA MODIFIED HOUSING	\$486,100.00	\$8,847.02	\$486,100.00	\$8,847.02	1
CB16	Circuit Breaker	\$5,725,693.00	\$104,207.70	\$164,835.00	\$3,000.00	35
CB20	Circuit Breaker	\$4,260,993.00	\$77,550.00	\$129,121.00	\$2,350.00	33
RIHO	RI HOUSING	\$4,611,200.00	\$83,923.84	\$98,110.64	\$1,785.61	47
CB24	Circuit Breaker	\$1,120,884.00	\$20,400.12	\$93,407.00	\$1,700.01	12
CB28	Circuit Breaker	\$634,612.00	\$11,549.89	\$57,692.00	\$1,049.99	11
BLIN	BLIND	\$319,500.00	\$5,814.90	\$35,500.00	\$646.10	9
DVET	DOUBLE_VET	\$166,800.00	\$3,035.76	\$27,800.00	\$505.96	6
ELDE	ELDERLY	\$19,559,200.00	\$355,977.44	\$18,400.00	\$334.88	1063
100%	100% PER SS	\$975,200.00	\$17,748.64	\$18,400.00	\$334.88	53
VETE	VETERAN	\$7,033,400.00	\$128,007.88	\$13,900.00	\$252.98	506
WVET	WIDOW OF VET	\$2,335,200.00	\$42,500.64	\$13,900.00	\$252.98	168
DISA	100% DISABLED VET	\$69,500.00	\$1,264.90	\$13,900.00	\$252.98	5
Totals		\$47,298,282.00	\$860,828.73			1,949

Unacknowledged Generosity:

- 1,949 subsidies awarded without credit towards the Affordable Housing Act
- Revenue Lost: \$860,828.73

Conclusions & Recommendations:

- Helps currently distressed Barrington residents; participating owners remain in their homes
- Increases affordable housing inventory IAW RI Affordable Housing Guidelines
- Maintains characteristics of existing neighborhoods
- Does not increase burden on town's infrastructure
- Implementation adds credibility to BCCP by operationalizes dormant strategy
- Based on 56 participants:
 - Total Grant Funding Required: \$1.4M
 - Total Administrative Fees (\$750-\$1000 per unit): \$56K
 - Maximum Annual Loss of Revenue (60% LMI): \$110.9K
- Needs to leverage funding currently available for home repair program
 - CDBG funding could be used for 80% LMI and below
 - Spencer funding could be used to buy down mortgage in lieu of repairs
- Should re-evaluate existing tax assessment subsidies to identify savings to off-set loss in annual tax revenue