

## **PORTSMOUTH COMPREHENSIVE COMMUNITY PLAN**

### **ELEMENT 4 – HOUSING**

#### **4.1 HOUSING VISION**

**PORTSMOUTH’S SENSE OF COMMUNITY WILL BE EVIDENT IN A DIVERSE STOCK OF GOOD QUALITY, SAFE, AFFORDABLE HOUSING OPTIONS FOR ALL INDIVIDUAL NEEDS AND INCOME LEVELS, ALL THE WHILE MAINTAINING THE CHARACTER OF INDIVIDUAL NEIGHBORHOODS AND TRADITIONAL DEVELOPMENT PATTERNS.**

#### **4.2 INTRODUCTION**

In many ways high quality and diverse housing is a fundamental building block of a successful community. Indeed, some of the earliest efforts to regulate land use in America were based on housing concerns. Housing is inextricably linked to issues of economic development, transportation, land use, social equality and environmental sustainability. At 27.7% of total land area\*, residential development is the single highest consumer of land in Portsmouth and should rightfully occupy a place of prominence in planning for our future. The forces that impact housing include affordability, marketability of existing and future housing stock, patterns of development and neighborhood community character, aging of housing stock, and land use regulations established to minimize the impacts of incompatible land uses, among others. The planning challenge is to balance all of these interconnected forces and issues to guide future development in order to achieve Portsmouth’s housing vision. We address these challenges throughout this Housing element of our Comprehensive Plan. The State of Rhode Island offers guidance and has enacted laws to assist municipalities in working through these challenges and by law establishes that every comprehensive plan must be consistent with and embody the State’s goals and policies for housing as found in the State Guide Plan and the laws of the State.

RIGL §45-22.2-3(a)(6) states *“Comprehensive planning is needed to provide a basis for municipal and State initiatives to ensure all citizens have access to a range of housing choices, including the availability of affordable housing for all income levels and age groups.”* Further, in RIGL §45-53-2 the law states, *“The general assembly finds and declares that there exists an acute shortage of affordable, accessible, safe, and sanitary housing for its citizens of low and moderate income, both individuals and families; that it is imperative that action is taken immediately to assure the availability of affordable, accessible, safe, and sanitary housing for these persons; that it is necessary that each city and town provide opportunities for the establishment of low and moderate income housing; and that the provisions of this chapter are necessary to assure the health, safety, and welfare of all citizens of this state, and that each citizen*

*enjoys the right to affordable, accessible, safe, and sanitary housing. It is further declared to be the purpose of this chapter to provide for housing opportunities for low and moderate income individuals and families in each city and town of the state and that an equal consideration shall be given to the retrofitting and rehabilitation of existing dwellings for low and moderate income housing and assimilating low and moderate income housing into existing and future developments and neighborhoods.”*

Within the framework of this plan, it is appropriate to differentiate between “affordable” and “low and moderate income” housing. This plan addresses both types. Specifically, “low and moderate income” housing refers to “subsidized” dwelling units that eligible low-moderate income households may own and occupy and that are deed-restricted in order to remain so for a minimum period of thirty years. In later sections, this plan sets forth strategies to achieve the state-mandated goal of 10% of Portsmouth’s dwelling units to be low-moderate income units. In contrast, “affordable” housing simply refers to housing and related costs that are affordable to citizens within certain income brackets. Affordable housing is often mentioned throughout the plan in the broader context of community housing goals and implementation strategies but should not be thought of as the more restrictive dwelling units described above. The State sets out specific definitions for each type of housing.

The term “housing” refers to all of the structures in which people live – single-family homes, multi-family homes, apartment buildings, condominiums, mobile homes, mixed-use buildings, group homes, homeless shelters, etc. To a greater or lesser degree, housing has evolved in Portsmouth over time to include nearly all of the above housing types as both private market rate units (the overwhelming majority) and public or semi-public subsidized units.

## 4.3 OVERVIEW

### 4.3.1 HOUSING STOCK

Housing supply and demand in Portsmouth have matched up over time, at least in the matter of the number of dwelling units for the Town’s population size. Creation of dwelling units has increased in recent years and population projections show only a modest increase in population growth. As illustrated in Table 1, Portsmouth’s population and housing stock experienced a boom from 1980 – 1990, with an 18.2 percent increase in population and a 25.2 percent increase in housing units. Compared to Rhode Island during the same period, Portsmouth outpaced the state, overall, by more than double. The housing crash in the early 1990’s, resulted in only a slight increase in both population and housing units, 1.7 percent and 2.1 percent respectively. After 2000, another small boom was experienced prior to the Great Recession of 2008, followed by a slight decrease in population, and increase in housing units in 2017.

| <b>Table 1 Population and Housing Units Portsmouth, 1980 – 2017</b> |                     |                        |                        |                        |                        |
|---|---------------------|------------------------|------------------------|------------------------|------------------------|
|   | <b>Portsmouth</b>   |                        |                        |                        |                        |
|   | <b>1980</b>         | <b>1990</b>            | <b>2000</b>            | <b>2010</b>            | <b>2017*</b>           |
| Population  | 14,257              | 16,857                 | 17,149                 | 17,389                 | 17,361                 |
| Total Housing Units   | 5,773               | 7,235                  | 7,386                  | 8,294                  | 8,420                  |
|   |                     | <b>% ± 1980 - 1990</b> | <b>% ± 1990 - 2000</b> | <b>% ± 2000 - 2010</b> | <b>% ± 2010 - 2017</b> |
| Population  |                     | 15.42%                 | 1.70%                  | 1.38%                  | -0.16%                 |
| Total Housing Units   |                     | 20.2%                  | 2.0%                   | 10.9%                  | 1.5%                   |
|   | <b>Rhode Island</b> |                        |                        |                        |                        |
|   | <b>1980</b>         | <b>1990</b>            | <b>2000</b>            | <b>2010</b>            | <b>2017*</b>           |
| Population  | 947,154             | 1,003,464              | 1,048,319              | 1,052,567              | 1,053,661              |
| Total Housing Units   | 372,672             | 414,572                | 439,837                | 463,388                | 462,900                |
|   |                     | <b>% ± 1980 - 1990</b> | <b>% ± 1990 - 2000</b> | <b>% ± 2000 - 2010</b> | <b>% ± 2010 - 2017</b> |
| Population  |                     | 5.61%                  | 4.28%                  | 0.40%                  | 0.10%                  |
| Total Housing Units   |                     | 10.1%                  | 5.7%                   | 5.1%                   | -0.1%                  |

\* Housing Works RI 2017 estimates.

Source: RI Housing Database 2003; U.S. Census 1990, 2000, 2010; Housing Works RI 2017 estimates.

The number of owner- and renter-occupied units has decreased overall from 1990 to 2016, with an increase in seasonal rental units over the same period (Table 2). The traditional single-family home continues to dominate the housing stock in Portsmouth (83.8%) with nearly three-quarters being owner-occupied (74.6%).<sup>1</sup> Multi-family housing, including duplexes, apartments and condominiums make up 12.3% of the housing units in Portsmouth with approximately 315 mobile homes in three mobile home parks accounting for the remainder of the housing stock.<sup>2</sup>

<sup>1</sup> 2010 Census DP-1 and 2016 ACS DP04.

<sup>2</sup> Ibid.

| <b>Table 2 Owner, Renter-Occupied and Seasonal Housing Units, Portsmouth 1990 - 2016</b> |             |                   |          |                     |          |
|--|-------------|-------------------|----------|---------------------|----------|
|  | <b>Year</b> | <b>Portsmouth</b> | <b>%</b> | <b>Rhode Island</b> | <b>%</b> |
| <b>Occupied Units</b>  | 1990        | 6,313             | 87.3%    | 377,977             | 91.2%    |
|  | 2000        | 6,758             | 91.5%    | 408,424             | 92.9%    |
|  | 2010        | 6,988             | 84.3%    | 413,600             | 89.3%    |
|  | 2016        | 7,163             | 84.7%    | 410,240             | 88.7%    |
| <b>Owner-Occupied</b>  | 1990        | 4,552             | 72.1%    | 224,792             | 59.5%    |
|  | 2000        | 5,003             | 73.9%    | 245,156             | 60.0%    |
|  | 2010        | 5,191             | 74.3%    | 250,952             | 60.7%    |
|  | 2016        | 5,342             | 63.2%    | 244,748             | 52.9%    |
| <b>Renter-Occupied</b>   | 1990        | 1,761             | 27.9%    | 153,185             | 40.5%    |
|  | 2000        | 1,755             | 26.1%    | 163,268             | 40.0%    |
|  | 2010        | 1,797             | 25.7%    | 162,648             | 39.3%    |
|  | 2016        | 1,821             | 21.2%    | 165,492             | 35.8%    |
| <b>Vacant Units Total</b>  | 1990        | 922               | 12.7%    | 36,595              | 8.8%     |
|  | 2000        | 628               | 8.5%     | 31,413              | 7.1%     |
|  | 2010        | 1,306             | 15.7%    | 49,788              | 10.7%    |
|  | 2016        | 1,294             | 15.3%    | 52,417              | 11.3%    |
| <b>Vacant Seasonal Units</b>   | 1990        | 516               | 7.1%     | 12,037              | 2.9%     |
|  | 2000        | 381               | 5.2%     | 12,988              | 3.0%     |
|  | 2010        | 882               | 10.6%    | 17,077              | 3.7%     |
| <b>Vacant for Sale</b>   | 1990        |                   |          |                     |          |
|  | 2000        | 38                | 0.5%     | 2,400               | 1.5%     |
|  | 2010        | 113               | 1.4%     | 5,171               | 1.1%     |
| <b>Vacant for Rent</b>   | 1990        |                   |          |                     |          |
|  | 2000        | 74                | 1.0%     | 8,615               | 2.0%     |
|  | 2010        | 156               | 1.9%     | 15,763              | 3.4%     |
| <b>Vacant Rented/Sold Unoccupied</b>   | 1990        |                   |          |                     |          |
|  | 2000        | 27                | 0.4%     | 1,726               | 0.4%     |
|  | 2010        | 30                | 0.4%     | 1,946               | 0.5%     |
| <b>Vacant All Other</b>  | 1990        |                   |          |                     |          |
|  | 2000        | 108               | 1.5%     | 5,684               | 1.3%     |
|  | 2010        | 125               | 1.5%     | 9,831               | 2.1%     |

Source: U.S. Census 1990, 2000, 2010, 2012 – 2016 American Community Survey 5-Year estimates.

#### 4.3.2 HOUSING DEVELOPMENT TRENDS

Prior to 1950, growth in housing in the early years was modest reflecting the rural nature of the community. After 1950, housing development took off with the highest number of new homes being built in the period between 1960 and 1980. An average of 100+ new dwellings were built per year during that period. Growth in housing construction fell to near zero in the early 2000s and again in 2009 after the 2008 Great Recession (Table 3). It has slowly regained since, particularly in the high-end condominium market. As a measure of the above building trends, the median age of a dwelling unit in Portsmouth is 44 years old.<sup>3</sup>

**Table 3 Trends in General Residential Construction 2004 - 2014**

|                     | 2004      |           |                     | 2005       |            |                     | 2006      |            |                     |
|---------------------|-----------|-----------|---------------------|------------|------------|---------------------|-----------|------------|---------------------|
|                     | Buildings | Units     | Construction Cost   | Buildings  | Units      | Construction Cost   | Buildings | Units      | Construction Cost   |
| Single Family       | 77        | 77        | \$19,270,500        | 106        | 106        | \$23,920,390        | 54        | 54         | \$15,848,273        |
| Two Family          | 2         | 4         | \$400,000           | 0          | 0          |                     | 0         | 0          |                     |
| Three/Four Family   | 5         | 15        | \$1,460,000         | 0          | 0          |                     | 1         | 3          | \$290,000           |
| Five or More Family | 0         | 0         |                     | 2          | 10         | \$500,000           | 1         | 65         | \$37,200,000        |
| <b>Total</b>        | <b>84</b> | <b>96</b> | <b>\$21,130,500</b> | <b>108</b> | <b>116</b> | <b>\$24,420,390</b> | <b>56</b> | <b>122</b> | <b>\$53,338,273</b> |

|                     | 2007      |           |                     | 2008      |           |                    | 2009      |          |                    |
|---------------------|-----------|-----------|---------------------|-----------|-----------|--------------------|-----------|----------|--------------------|
|                     | Buildings | Units     | Construction Cost   | Buildings | Units     | Construction Cost  | Buildings | Units    | Construction Cost  |
| Single Family       | 37        | 37        | \$11,942,684        | 29        | 29        | \$8,647,710        | 8         | 8        | \$2,591,500        |
| Two Family          | 1         | 2         | \$300,000           | 0         | 0         |                    | 0         | 0        |                    |
| Three/Four Family   | 0         | 0         |                     | 0         | 0         |                    | 0         | 0        |                    |
| Five or More Family | 1         | 5         | \$250,000           | 3         | 18        | \$1,120,000        | 0         | 0        |                    |
| <b>Total</b>        | <b>39</b> | <b>44</b> | <b>\$12,492,684</b> | <b>32</b> | <b>47</b> | <b>\$9,767,710</b> | <b>8</b>  | <b>8</b> | <b>\$2,591,500</b> |

|                     | 2010      |           |                    | 2011      |           |                    | 2012      |           |                    |
|---------------------|-----------|-----------|--------------------|-----------|-----------|--------------------|-----------|-----------|--------------------|
|                     | Buildings | Units     | Construction Cost  | Buildings | Units     | Construction Cost  | Buildings | Units     | Construction Cost  |
| Single Family       | 15        | 15        | \$2,845,895        | 17        | 17        | \$3,207,000        | 18        | 18        | \$3,827,692        |
| Two Family          | 0         | 0         |                    | 0         | 0         |                    | 2         | 4         | \$524,000          |
| Three/Four Family   | 0         | 0         |                    | 0         | 0         |                    | 0         | 0         |                    |
| Five or More Family | 0         | 0         |                    | 0         | 0         |                    | 0         | 0         |                    |
| <b>Total</b>        | <b>15</b> | <b>15</b> | <b>\$2,845,895</b> | <b>17</b> | <b>17</b> | <b>\$3,207,000</b> | <b>20</b> | <b>22</b> | <b>\$4,351,692</b> |

<sup>3</sup> 2013 ACS B25035.

|                            | 2013      |           | Construction Cost  | 2014      |           | Construction Cost  |  |  |  |
|----------------------------|-----------|-----------|--------------------|-----------|-----------|--------------------|--|--|--|
|                            | Buildings | Units     |                    | Buildings | Units     |                    |  |  |  |
| <b>Single Family</b>       | 33        | 33        | \$7,549,600        | 35        | 35        | \$6,784,060        |  |  |  |
| <b>Two Family</b>          | 0         | 0         |                    | 1         | 2         | \$150,000          |  |  |  |
| <b>Three/Four Family</b>   | 1         | 3         | \$420,000          | 1         | 3         | \$225,000          |  |  |  |
| <b>Five or More Family</b> | 0         | 0         |                    | 0         | 0         |                    |  |  |  |
| <b>Total</b>               | <b>34</b> | <b>36</b> | <b>\$7,969,600</b> | <b>37</b> | <b>40</b> | <b>\$7,159,060</b> |  |  |  |

Source: U.S. Census Bureau

#### 4.3.3 HOUSING PATTERNS AND CONDITIONS

The pattern of housing development in Portsmouth clearly reflects two significant historic characteristics of its origins – a rural farming community based on the maintenance of large tracts of land, but also a densely developed resort/recreational community based on leisure pursuits and the enjoyment of natural environment. These seemingly inconsistent origins have blended in interesting ways over time. There are dense year-round housing development coming out of what once was intended to be mere tent sites in the historically seasonal resort neighborhood of Island Park. The traditional medium/medium-high-density single-family-type development resulted from the subdivision of large farming tracts across the length and breadth of town. There is also the recent emergence of high-end seasonal recreation-oriented resort-style housing on the west side, as well as the well-established summer homes on Prudence and Hog Islands.

These two historic origins have also contributed to another significant feature of Portsmouth, the lack of a “downtown” or town center. Commercial development is not clustered in one location but distributed in strip-type fashion along the two main north/south highways. There is a mix of residential and commercial uses along these roadways, but true mixed-use housing development is almost non-existent in Portsmouth. An unfortunate effect of the way this residential and commercial development has taken place is that with a few local neighborhood exceptions, Portsmouth scores extremely low (38: car-dependent, out of 100) as a “walkable” community (walkscore.com). This is not likely to change in any significant measure in the future unless we make radical changes to our land use regulations. In the end, the pattern of residential development in Portsmouth is one of a dispersed, semi-rural “bedroom” community with a variety of housing densities and a distinct affinity for recreational and resort-style amenities.

Table 4 identifies the neighborhoods associated with each Census Block Group, also illustrated on Maps H-A and H-B. Table 5 lists the estimated number of housing units, population per acre, median year built, and median home assessed value by Census Tract for Portsmouth in 2014.

| Key | Census Tract | Census Block Group | Neighborhoods   |
|-----|--------------|--------------------|---|
| 1   | 40103        | 5                  | West Bristol Ferry, Carnegie - NBC - Arnolds Point, Abbey - Industrial, Kings Grant, North Hedly - Middle Road, Willow Lane - Lehigh Terrace                              |
| 2   | 40101        | 1                  | Island Park, Hummocks   |
| 3   | 40102        | 1                  | Sherwood, McCorrie - Windstone, North Sandy Point   |
| 4   | 40101        | 3                  | Bristol Ferry - Bay View Avenue, Common Fence Point   |
| 5   | 40102        | 2                  | East Main Road - South, Wapping Road, South Sandy Point, Indian Avenue - Black Point, Old Mill Lane   |
| 6   | 40103        | 2                  | Oakland Farm, South Union - Jepson, St. Mary's - Sisson, South Carnegie Drive - Middle Road, Redwood Farms, Almeida - Lawton, West Raytheon - Navy, Melville Trailer Park |
| 7   | 40101        | 2                  | East Bristol Ferry, Sprague - North, North Portsmouth Park  |
| 8   | 40103        | 3                  | Prudence Island   |
| 9   | 40103        | 6                  | South Hedly - Middle Road, Hilltop, Schoolhouse Road, Valleyview, Indian Hill, North Union - Jepson, North Carriage Drive - Middle Road                                   |
| 10  | 40102        | 3                  | South Portsmouth Park, High School, East Central - north, East Central - south  |
| 11  | 40103        | 4                  | Melville Park, East Raytheon - Navy, Melville Waterfront  |
| 12  | 40103        | 1                  | Hog Island  |

Source: Town of Portsmouth Planning Department

| Map Key | Census Tract | Census Block Group | Housing Units | Population per Acre | Median Year Built | Median Home Value |
|---------|--------------|--------------------|---------------|---------------------|-------------------|-------------------|
| 1       | 40103        | 5                  | 737           | 0.65                | 1969              | \$350,000         |
| 2       | 40101        | 1                  | 679           | 3.49                | 1947              | \$287,300         |
| 3       | 40102        | 1                  | 614           | 1.29                | 1975              | \$572,000         |
| 4       | 40101        | 3                  | 847           | 2.35                | 1975              | \$285,800         |
| 5       | 40102        | 2                  | 595           | 0.98                | 1974              | <b>\$470,500</b>  |
| 6       | 40103        | 2                  | 923           | 1.16                | 1981              | \$338,700         |
| 7       | 40101        | 2                  | 767           | <b>4.21</b>         | 1974              | \$275,000         |
| 8       | 40103        | 3                  | 482           | 0.07                | 1952              | \$227,700         |
| 9       | 40103        | 6                  | 1,102         | 1.65                | 1971              | \$359,600         |

|    |       |   |              |      |      |           |
|----|-------|---|--------------|------|------|-----------|
| 10 | 40102 | 3 | <b>1,315</b> | 2.98 | 1969 | \$394,200 |
| 11 | 40103 | 4 | 81           | 0.41 | 1983 |           |
| 12 | 40103 | 1 | 168          | 0.56 | 1956 |           |

Source: 2010- 2014 American Community Survey 5-Year estimates.

Island Park and the Common Fence Point neighborhoods remain near the top in regard to density per acre, along with East Bristol Ferry and east Central (North and South). Prudence and Hog Islands, in addition to the Melville area represent the least dense areas of the community. Single-family development remains the prevalent housing type in Portsmouth, and the general condition of housing is reported as above average by the Building Official.

Of particular note is the foreclosure rate for Portsmouth during the period of 2013 – 2017. The number of actual foreclosures in Portsmouth was 17 in 2013, decreasing down to a low of three in 2015, and an increase to seven in 2017. This pattern contrasts with both Middletown and Newport. Middletown experienced their peak foreclosure rate in 2015 (12), then down to a low of three in 2017, while Newport has experienced both highs and lows over the same period, now steady at seven in 2017.

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#### 4.3.4 HOUSING AFFORDABILITY

Another important aspect to Portsmouth’s housing needs is the mismatch between housing and the workforce. We have the dual problem of: (1) nearly 60% of the jobs in Portsmouth are held by those who cannot afford to purchase or rent a home here in town, and (2) salaries/wages for the jobs that are here are relatively low, requiring those who can afford to live here to commute out of town for higher paying jobs elsewhere. An essential economic development strategy expressed elsewhere in this plan is that in order to increase the economic viability of our community we need to make Portsmouth a desirable place to live – work – play. The provision of more affordable housing for our work force is essential to the success of that strategy.

Single-family home production fluctuated from 2000 through 2008 averaging 168 units annually over this time period until the 2008 Great Recession. After which there was a brief decline to a low of 106 units constructed in 2010 (Table 6). The median sale price of single-family homes peaked prior to this in 2006 at \$423,500, then dropped sharply between 2008 and 2010, until 2011 where incremental increases have been experienced since. High-end residential condominium development also fluctuated during the same time period averaging 33 units annually, with a noticeable decline in production in 2007 until a slight rebound in 2011. The median sale price of these same high-end residential condominiums peaked in 2007 at \$518,000. Although high-end condominium production continued to level off through 2014, median sales price remains significantly down by approximately 23% of that in 2007. Today, it would take an annual income of \$106,304 to afford to purchase a median priced single-family home



(\$380,000) in Portsmouth.<sup>4</sup> A gap of approximately \$16,000 exists between the median household income in Portsmouth (\$90,100) and the income required to afford a single-family home.

| <b>Table 6 Trends in Median Home Sales Price 2000 – 2017</b> |       |                    |       |                    |       |                    |       |                    |
|--|-------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|
|  | 1999  |                    | 2000  |                    | 2001  |                    | 2002  |                    |
|  | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price |
| <b>Portsmouth</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 233   | \$175,000          | 178   | \$179,950          | 163   | \$214,900          | 173   | \$290,000          |
| Multi-Family   | 6     | \$137,500          | 8     | \$128,500          | 6     | \$224,450          | 1     | \$230              |
| Condo  | 15    | \$165,500          | 12    | \$161,250          | 23    | \$189,000          | 50    | \$314,355          |
| <b>Rhode Island</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 9,695 | \$126,000          | 9,108 | \$135,976          | 9,113 | \$156,000          | 9,069 | \$188,150          |
| Multi-Family   | 1,632 | \$96,000           | 1,882 | \$108,000          | 2,063 | \$125,000          | 2,284 | \$153,000          |
| Condo  | 1,260 | \$88,500           | 1,283 | \$102,500          | 1,371 | \$121,500          | 1,327 | \$147,000          |
|  | 2003  |                    | 2004  |                    | 2005  |                    | 2006  |                    |
|  | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price |
| <b>Portsmouth</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 177   | \$320,000          | 191   | \$345,000          | 201   | \$376,000          | 165   | \$423,500          |
| Multi-Family   | 3     | \$290,000          | 3     | \$399,500          | 6     | \$421,000          | 7     | \$300,000          |
| Condo  | 38    | \$355,742          | 34    | \$327,441          | 41    | \$540,471          | 34    | \$502,925          |
| <b>Rhode Island</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 9,189 | \$230,000          | 9,982 | \$264,700          | 9,711 | \$282,900          | 8,313 | \$282,500          |
| Multi-Family   | 2,366 | \$209,000          | 2,478 | \$260,000          | 2,307 | \$290,000          | 1,725 | \$285,000          |
| Condo  | 1,493 | \$175,000          | 1,759 | \$205,000          | 2,251 | \$218,900          | 1,883 | \$225,000          |
|  | 2007  |                    | 2008  |                    | 2009  |                    | 2010  |                    |
|  | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price | Sales | Median Sales Price |
| <b>Portsmouth</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 163   | \$367,000          | 129   | \$320,000          | 108   | \$280,000          | 106   | \$285,000          |
| Multi-Family   | 3     | \$325,000          | 2     | \$214,000          | 4     | \$245,000          | 3     | \$235,000          |
| Condo  | 21    | \$518,000          | 28    | \$422,500          | 23    | \$297,000          | 26    | \$392,450          |
| <b>Rhode Island</b>  |       |                    |       |                    |       |                    |       |                    |
| Single Family  | 7,600 | \$275,000          | 6,648 | \$234,900          | 7,720 | \$199,900          | 6,833 | \$210,000          |
| Multi-Family   | 1,254 | \$255,000          | 1,670 | \$135,000          | 2,284 | \$90,000           | 1,565 | \$121,900          |
| Condo  | 1,806 | \$221,000          | 1,210 | \$212,700          | 1,203 | \$214,950          | 1,144 | \$187,000          |

<sup>4</sup> 2018 Housing Fact Book, Housing Works RI.

|                     | 2011  |                    | 2012   |                    | 2013   |                    | 2014  |                    |
|---------------------|-------|--------------------|--------|--------------------|--------|--------------------|-------|--------------------|
|                     | Sales | Median Sales Price | Sales  | Median Sales Price | Sales  | Median Sales Price | Sales | Median Sales Price |
| <b>Portsmouth</b>   |       |                    |        |                    |        |                    |       |                    |
| Single Family       | 148   | \$321,500          | 158    | \$292,500          | 160    | \$299,500          | 211   | \$315,000          |
| Multi-Family        | 3     | \$355,000          | 5      | \$251,000          | 3      | \$265,000          | 3     | \$335,000          |
| Condo               | 35    | \$350,000          | 23     | \$285,000          | 32     | \$343,500          | 35    | \$310,000          |
| <b>Rhode Island</b> |       |                    |        |                    |        |                    |       |                    |
| Single Family       | 6,701 | \$195,000          | 8,014  | \$190,000          | 8,844  | \$205,000          | 8,891 | \$215,000          |
| Multi-Family        | 1,284 | \$119,950          | 1,334  | \$120,000          | 1,339  | \$130,000          | 1,318 | \$145,750          |
| Condo               | 1,134 | \$176,950          | 1,266  | \$175,000          | 1,640  | \$197,250          | 1,557 | \$192,000          |
|                     | 2015  |                    | 2016   |                    | 2017   |                    |       |                    |
|                     | Sales | Median Sales Price | Sales  | Median Sales Price | Sales  | Median Sales Price |       |                    |
| <b>Portsmouth</b>   |       |                    |        |                    |        |                    |       |                    |
| Single Family       | 217   | \$332,000          | 252    | \$347,500          | 271    | \$380,000          |       |                    |
| Multi-Family        | 10    | \$274,000          | 3      | \$251,000          | 7      | \$350,000          |       |                    |
| Condo               | 45    | \$331,000          | 59     | \$391,000          | 56     | \$400,000          |       |                    |
| <b>Rhode Island</b> |       |                    |        |                    |        |                    |       |                    |
| Single Family       | 9,782 | \$225,000          | 11,038 | \$239,900          | 11,282 | \$255,000          |       |                    |
| Multi-Family        | 1,528 | \$168,000          | 1,655  | \$182,900          | 1,914  | \$209,000          |       |                    |
| Condo               | 1,654 | \$200,000          | 1,919  | \$199,900          | 2,161  | \$215,000          |       |                    |

Source: Statewide MLS/RI Living, <http://www.riliving.com/PressReleases/statistics/Default.asp>.

The median two-bedroom rent in Portsmouth is comparable with surrounding municipalities. Prices for rental units tend to fluctuate, with different unit sizes not necessarily following the same trends (i.e. when one-bed unit rents are falling, two-bed unit rents may be rising), as shown in Table 7. Today, it would take an annual income of \$69,320 to affordably rent an average priced two-bedroom apartment in Portsmouth, fairly consistent with neighboring Middletown and Newport.<sup>5</sup> Although the rental housing option appears to be more affordable for the median household income in Portsmouth, it does not allow for the same long-term investment or establishment of equity for the typical household.

<sup>5</sup> 2018 Housing Fact Book, Housing Works RI.

| <b>Year</b> | <b>1-Bedroom Unit</b> | <b>2-Bedroom Unit</b> | <b>3-Bedroom Unit</b> |
|-------------|-----------------------|-----------------------|-----------------------|
| 2017        | \$1,290               | \$1,733               | \$2,208               |
| 2016        | \$1,242               | \$1,714               | \$2,165               |
| 2015        | \$1,070               | \$1,414               | \$2,045               |
| 2014        | \$1,121               | \$1,281               | \$1,812               |
| 2013        | \$979                 | \$1,344               | *                     |
| 2012        | *                     | \$1,391               | *                     |
| 2011        | \$1,024               | \$1,233               | *                     |
| 2010        | \$1,073               | \$1,441               | *                     |
| 2009        | \$1,020               | *                     | *                     |
| 2008        | \$1,067               | *                     | *                     |
| 2007        | \$999                 | \$1,239               | \$1,722               |
| 2006        | \$1,007               | \$1,128               | \$1,416               |
| 2005        | \$1,016               | \$1,244               | *                     |
| 2004        | \$983                 | \$1,307               | \$1,937               |

\* Data not available

Source: RI Rent Survey, RI Housing.

Demand for dwelling units is largely a function of population, but when one factors in income data, demand considerations shift to one of affordability. Housing affordability in Portsmouth is an issue for a large and growing number of households in town. A typical measure of housing affordability is the percentage of households that can afford the median-priced house assuming that they spend no more than 30% of their income on housing (including rent or mortgage payments, taxes, insurance and utilities). Households paying more than 30% of its income on housing are considered ‘cost-burdened.’ Households paying more than 50% of its income on housing are considered ‘severely cost-burdened.’ In the case of Portsmouth, over one-third of households are cost-burdened (35.1%), and 14.7% are considered severely cost-burdened (Table 8), which is as a concern for the Town. Whether people are forced by life circumstances or elect to spend more on housing, it equates to less disposable income to put towards necessities such as food, transportation, and healthcare, impacting quality of life but also the local and regional economy.

|                                   | <b>Number of Households</b> | <b>Percent of Total</b>   |
|-----------------------------------|-----------------------------|---------------------------|
| Cost Burdened Households          | 2,490                       | 35.1% of Total Households |
| Severely Cost Burdened Households | 1,040                       | 14.7% of Total Households |
| LMI Cost Burdened Households      | 1,590                       | 64.2% of LMI Households   |

|  |     |                         |
|--|-----|-------------------------|
| LMI Severely Cost Burdened Households            | 835 | 33.7% of LMI Households |
| LMI Cost Burdened Households that are Renting    | 690 | 43.0%                   |
| LMI Cost Burdened Households that Own Their Home | 900 | 56.6%                   |

LMI – Low-moderate income

Source: 2018 Housing Fact Book, Housing Works RI.

The question becomes, what is an affordable dwelling unit in Portsmouth? For this we turn to the State definition as guidance to determine if the market is meeting needs:

RIGL §42-128-8.1 (d) (1) "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 household with less than one hundred and twenty percent (120%) of area median income, adjusted for family size. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than thirty percent (30%) of the gross annual household income for a household with eighty percent (80%) or less of area median income, adjusted for family size."

The calculation begins with median area income. 2016 HUD statistics for Aquidneck Island put that number for a four-person household at \$90,100 per year. The definition from State law of a moderate-income household is one which earns between 80% and 120% of the median area income. To meet the definition of a moderate-income household, a four-person household in Portsmouth would earn between \$65,700 and \$108,000 per year. The next piece of the definition says that for a dwelling unit to be considered affordable, a -person moderate income family should spend no more than 30% of their income on housing. From the above, this means our -person family can spend between \$19,700 and \$32,400 per year for housing. The question becomes, how much house can they buy for this much money? Using data from HousingWorksRI at Roger Williams University, this puts the value of a home considered to be affordable by a moderate income four-person household in Portsmouth at between \$215,800 and \$354,300 with the median value being \$284,200. If we consider the low end of the income range for moderate income, that is from 80% to 100% of median area income and run through this calculation again we find that roughly half (51.7%) of single-family houses in Portsmouth are affordable to a moderate income family of four. 40.7% of the housing stock is above their price range.

The above can be reworked for two-person households and for the limits on rental units.

Low or very low-income households show the greatest need. As is noted above and it bears repeating, just over one third of Portsmouth’s households spend greater than 30% of their income on housing. 15.2% spend more than half of their income on housing. There is a clear need for lower-cost housing in order to meet the needs of all of our residents.

The Comprehensive Housing Affordability Strategy (CHAS) developed by HUD is recognized as one of the best sources of data on local housing needs and problems. The data presented in Table 9 are the most currently available for the Town of Portsmouth and provide a good snapshot of housing needs in Town.

| <b>Table 9 CHAS Data Portsmouth, 2011 - 2015</b> |   |  |
|--|---|--|
| <b>Household Income</b>                          | <b>Households with at Least 1 Housing Problem</b> | <b>Percent of Household Type in Income Range</b> |
| <b>Renters</b>                                   |   |  |
| ≤ 30% HAMFI                                      | 410 (555)   | 73.9%  |
| > 30% - ≤ 50% HAMFI                              | 250 (300)   | 83.3%  |
| >50% - ≤ 80% HAMFI                               | 120 (310)   | 38.7%  |
| > 80% - ≤ 100% HAMFI                             | 45 (145)  | 31.0%  |
| > 100% HAMFI                                     | 40 (450)  | 8.9%   |
| <b>Total</b>                                     | <b>865 (1,755)</b>                                | <b>49.3%</b>                                     |
| <b>Owners</b>                                    |   |  |
| ≤ 30% HAMFI                                      | 320 (385)   | 83.1%  |
| > 30% - ≤ 50% HAMFI                              | 205 (300)   | 68.3%  |
| >50% - ≤ 80% HAMFI                               | 3,990 (685)                                       | 56.9%  |
| > 80% - ≤ 100% HAMFI                             | 245 (560)   | 43.8%  |
| > 100% HAMFI                                     | 595 (3,350)                                       | 17.8%  |
| <b>Total</b>                                     | <b>1,750 (5,280)</b>                              | <b>33.1%</b>                                     |

HAMFI: HUD Area Median Family Income. This is the median family income calculated by HUD for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made.

Source: 2011 – 2015 HUD CHAS data.

[https://www.huduser.gov/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](https://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html)

The CHAS data track four individual housing problems, including: incomplete kitchen facilities, incomplete plumbing facilities, more than one person per room, and cost burden greater than 30% of the household income. Table 9 illustrates households with at least one such problem for renter- and owner-households, and by household income. HAMFI stands for HUD Area Median Family Income, which is calculated by HUD for each jurisdiction. The ‘Percent’ column represents the percent of households in each category with at least one housing problem...for example, the first row of statistics, “410” represents 73.9% of all renter households (555) earning less than 30% HAMFI.

The data show that over two-thirds of renters earning less than 50% of HAMFI statistically experience one or more housing problems. Even a small percentage of renters earning more than 100% of HAMFI who typically have affordable and high-quality options experience one or more housing problems (8.9%). Of note is the fact that nearly half of all homeowners making between 80 and 100% of HAMFI, as well as almost one-fifth (17.8%) of homeowners making more than that, experience one of more housing problems. This may exist due to the age and/or conditions

of the housing stock, or simply owners choosing to spend more on housing because they value the quality of life in Portsmouth over other household expenses.

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#### 4.3.5 HOUSING NEEDS ANALYSIS

There are many reasons why an individual will pay more for housing than their income can afford, but this puts a household at risk for many things, including sacrificing other needs or eviction. Individuals and families who are unable to afford the high cost of housing is evident in Portsmouth today. One indicator that helps us understand this is the percentage of individuals and families living below the poverty level. Portsmouth's poverty rate in 2016 was at 6.8% for individuals, compared to 11.6% statewide.

Another indicator that residents might be struggling to meet daily needs is the number of households participating in public assistance programs. The total number of households receiving food stamps or Supplemental Nutrition Assistance Program (SNAP) within the town as of 2016 is 535 (7.5%). This is up from 1.9% only six years earlier in 2010, over which time the total population of the town remained stable. In addition, seniors are considered at-risk due to fixed incomes. U.S. Census 2016 estimates show that 298 (4.2%) of Portsmouth's households receive some sort of supplemental security income, as compared to just 2.6% (187 households) in 2010. These figures represent a growing portion of Portsmouth residents that are struggling financially, reinforcing the need in Portsmouth for affordable housing as strong.

To help these households meet the high costs of housing, there are several active public housing organizations creating housing options specifically for low- and moderate-income households in the Town of Portsmouth (Table 10). The Portsmouth Housing Authority (PHA) is an independent municipal agency that manages public housing development for the elderly and Portsmouth's Section 8 Voucher Program. It owns and manages Quaker Manor on East Main Road, a 40-unit age-restricted complex with the majority of residents either near elderly, or elderly.

Coastal Housing Corporation (CHC) is a private 501c3 organization governed by a Board of Directors made up of nine Executive Directors of public housing authorities from municipalities across the State of Rhode Island. The CHC is active in Portsmouth as an owner of affordable units and developer of new housing projects. CHC owns five units on West Main Road that targets people with incomes at or below 50% of the area median income.

Church Community Housing Corporation (CCHC) based out of Newport, is another private, not-for-profit development organization. The CCHC is active on Aquidneck Island developing and managing affordable housing programs and properties.

Sakonnet View was built in part with financing obtained through the Low-Income Housing Tax Credit (LIHTC) program and receives rental subsidies through HUD-Assisted Housing. These programs have different income limits that can lead to apartments in the same property having different income requirements. Applicants can make up to 80% of the Area Median Income (AMI) and be eligible for a HUD-Assisted Housing unit. However, they can earn

at most 60% of AMI to be eligible for a LIHTC property and many units may be set aside for those with the lowest incomes (down to 15% of AMI). LIHTC properties may also contain some market rate units. Since Sakonnet View has both programs, the most restrictive of the income limits applies for each unit. If the entire property is funded by LIHTC, the LIHTC income limit of 60% AMI would be used for all units. Apartments in properties with some units not funded by the LIHTC, but receiving Section 8 assistance, would be open to households making up to 80% AMI. Market rate units would have no subsidies or income restrictions.

In addition to the units owned and managed by these organizations, there are another 30 units in Portsmouth that serve the homeless and special needs populations in the area. Outside of town, there are also several regional opportunities for individuals in need of transitional or emergency housing.

| <b>Table 10 Public Housing Organizations, Portsmouth 2018</b> |  |                 |                     |              |
|---|--|-----------------|---------------------|--------------|
| <b>Population Served</b>                                      | <b>Development Name/Owner</b>                  | <b>Type</b>     | <b>Address</b>      | <b>Total</b> |
| <b>Elderly</b>  |  |                 |                     |              |
|   | Quaker Manor IV - Portsmouth Housing Authority | Rental          | 2368 East Main Road | 40           |
|   | Sakonnet View - HUD                            | Rental          | 3225 East Main Road | 33           |
|   | Anthony House - Church Community Housing       | Rental          | 41 Middle Road      | 94           |
| <b>Family</b>   |  |                 |                     |              |
|   | Church Community Housing                       | Homeownership   |                     | 13           |
| <b>Special Needs</b>  |  |                 |                     |              |
|   | Various  | Group Home Beds |                     | 25           |
|   | Coastal Housing                                | Rental          | West Main Road      | 5            |
| <b>Total</b>  |  |                 |                     | <b>210</b>   |

Source: RI Housing.

The residential build-out analysis performed in support of this Comprehensive Plan estimates an additional 1,807 dwelling units could possibly be developed by right based on the estimated buildable land area and the current zoning and subdivision and land development regulations for the Town. While the residential build-out analysis concludes that there is the potential 1,807 dwelling units that could be developed, population projections and historical building permit statistics suggest the full buildout at these rates would take a substantial duration to occur and most likely not within the planning timeline (10 years) of this Comprehensive Plan.

The 2016 American Community Survey estimated the average household size in Portsmouth to be 2.38 persons per household. Using a population projection from Rhode Island Statewide Planning Administration and incorporating the average persons per household, it is estimated that in the year 2040, an additional 170 dwelling units will be needed; a number that represents 9.4% of the potential buildable dwelling units identified in this analysis (Table 11).

|                         | Population |        | Population Projections |        |        |        |        |        |
|-------------------------|------------|--------|------------------------|--------|--------|--------|--------|--------|
|                         | 2000       | 2010   | 2015                   | 2020   | 2025   | 2030   | 2035   | 2040   |
| <b>Portsmouth</b>       | 17,149     | 17,389 | 17,315                 | 17,386 | 17,615 | 17,779 | 17,845 | 17,793 |
| <b>Change from 2010</b> |            |        | -74                    | 2      | 226    | 390    | 456    | 404    |
| <b>Need (DU)</b>        |            |        |                        | 0.84   | 95     | 164    | 192    | 170    |

Source: Rhode Island Statewide Planning Program - April 2013.

Portsmouth’s population has experienced very little growth since the early 2000s. Future projections anticipate about a 2.5% increase by 2035, with an additional 450 people, then decreasing by 50 in 2040. What is quite evident is Portsmouth’s aging population (Table 12), with over one-third 55 years and older. Planning for housing for older residents needs to concern not only design, such as smaller units or those that are more accessible for those with disabilities, but also affordability given many older residents are on fixed incomes.

| Age             | Population | % of Population |
|-----------------|------------|-----------------|
| Under 5 years   | 662        | 3.8%            |
| 5 to 9 years    | 931        | 5.4%            |
| 10 to 14 years  | 1,165      | 6.7%            |
| 15 to 19 years  | 1,304      | 7.5%            |
| 20 to 24 years  | 748        | 4.3%            |
| 25 to 34 years  | 1,218      | 7.0%            |
| 35 to 44 years  | 1,936      | 11.2%           |
| 45 to 54 years  | 2,955      | 17.0%           |
| 55 to 59 years  | 1,660      | 9.6%            |
| 60 to 64 years  | 1,137      | 6.6%            |
| 65 to 74 years  | 2,009      | 11.6%           |
| 75 to 84 years  | 1,164      | 6.7%            |
| 85 years & over | 462        | 2.7%            |

Source: ACS 5-Yr. Summary File 2012 – 2016, DP05.

While housing Portsmouth’s aging population will require affordable housing stock options as their lifestyle changes, there is also a strong demand for affordable housing for young adults and families looking to establish themselves



in the community. Reflected in a low percentage (11.2%) of the typical family demographic (35 – 45 years of age), young families appear to be priced-out of Portsmouth. The Town should seek solutions to retain the younger generations and attract entry and junior level workforce participants to diversify our aging population and create an attractive workforce for business investment. Portsmouth has historically been commended for providing one of the best public school educations in the State of Rhode Island, but following high school and college, these former students lack the housing options to return to their hometown to begin their professional careers and start their families.

As shown in Table 13, Portsmouth’s housing stock is predominantly comprised of owner-occupied single-family dwelling units (75%). These units are typically larger than the statewide average unit as far as number of rooms and bedrooms. The disproportionate ratio within the Town in multifamily rental units limits the housing choices and affects the overall affordability.

| <b>Table 13 Range of Housing Size and Type</b> |                     |                |                   |                |
|--|---------------------|----------------|-------------------|----------------|
|  | <b>Rhode Island</b> |                | <b>Portsmouth</b> |                |
|  | <b>Estimate</b>     | <b>Percent</b> | <b>Estimate</b>   | <b>Percent</b> |
| <b>Housing Occupancy</b>                       |                     |                |                   |                |
| Total Housing Units                            | 462,900             | 100.0%         | 8,420             | 100.0%         |
| Occupied housing units                         | 410,602             | 88.7%          | 7,036             | 83.6%          |
| Vacant housing units                           | 52,298              | 11.3%          | 1,384             | 16.4%          |
| <b>Units in Structure</b>                      |                     |                |                   |                |
| Total Housing Units                            | 462,900             | 100.0%         | 8,420             | 100.0%         |
| 1-unit, detached                               | 254,825             | 55.0%          | 6,631             | 78.8%          |
| 1-unit, attached                               | 15,752              | 3.4%           | 400               | 4.8%           |
| 2 units  | 51,884              | 11.2%          | 279               | 3.3%           |
| 3 or 4 units                                   | 58,748              | 12.7%          | 179               | 2.1%           |
| 5 to 9 units                                   | 22,753              | 4.9%           | 83                | 1.0%           |
| 10 to 19 units                                 | 16,764              | 3.6%           | 57                | 0.7%           |
| 20 or more units                               | 37,228              | 8.0%           | 487               | 5.8%           |
| Mobile home                                    | 4,657               | 1.0%           | 304               | 3.6%           |
| Boat, RV, van, etc.                            | 289                 | 0.1%           | 0                 | 0.0%           |
| <b>Rooms</b>                                   |                     |                |                   |                |
| Total Housing Units                            | 462,900             | 100.0%         | 8,420             | 100.0%         |
| 1 room   | 10,319              | 2.2%           | 73                | 0.9%           |
| 2 rooms  | 13,271              | 2.9%           | 169               | 2.0%           |
| 3 rooms  | 45,978              | 9.9%           | 541               | 6.4%           |
| 4 rooms  | 79,809              | 17.2%          | 1,190             | 14.1%          |
| 5 rooms  | 98,760              | 21.3%          | 1,792             | 21.3%          |

| <b>Table 13 Range of Housing Size and Type</b> |                     |                |                   |                |
|--|---------------------|----------------|-------------------|----------------|
|  | <b>Rhode Island</b> |                | <b>Portsmouth</b> |                |
|  | <b>Estimate</b>     | <b>Percent</b> | <b>Estimate</b>   | <b>Percent</b> |
| 6 rooms  | 88,849              | 19.2%          | 1,192             | 14.2%          |
| 7 rooms  | 52,177              | 11.3%          | 1,395             | 16.6%          |
| 8 rooms  | 35,802              | 7.7%           | 1,038             | 12.3%          |
| 9 rooms or more                                | 37,935              | 8.2%           | 1,030             | 12.2%          |
| Median rooms                                   | 5.3                 |                | 5.9               |                |
| <b>Bedrooms</b>                                |                     |                |                   |                |
| Total Housing Units                            | 462,900             | 100.0%         | 8,420             | 100.0%         |
| No bedroom                                     | 10,969              | 2.4%           | 79                | 0.9%           |
| 1 bedroom                                      | 65,005              | 14.0%          | 825               | 9.8%           |
| 2 bedrooms                                     | 137,834             | 29.8%          | 2,506             | 29.8%          |
| 3 bedrooms                                     | 178,726             | 38.6%          | 3,424             | 40.7%          |
| 4 bedrooms                                     | 55,595              | 12.0%          | 1,284             | 15.2%          |
| 5 or more bedrooms                             | 14,771              | 3.2%           | 302               | 3.6%           |
| <b>Housing Tenure</b>                          |                     |                |                   |                |
| Occupied Housing Units                         | 410,602             | 100.0%         | 7,036             | 100.0%         |
| Owner-occupied                                 | 246,909             | 60.1%          | 5,279             | 75.0%          |
| Renter-occupied                                | 163,693             | 39.9%          | 1,757             | 25.0%          |

Source: 2011 – 2015 ACS 5-Year Estimates (DP04).

Where Portsmouth falls short is in the availability of dwelling unit sizes and/or types of units to accommodate changes in the demographics of our population. Household size has been falling, our population has been aging and incomes have in many cases been stagnating. Over one third of Portsmouth’s households (35.1% or 2,490) are considered “cost burdened,” that is they spend greater than 30% of their household income on housing, and 14.7% (1,040) spend greater than 50% of their household income on housing (severely cost-burdened). Future housing stock in Portsmouth must include (1) a greater range of smaller, more affordable housing options such as studios and 1-2 bedroom units, both for rent and for sale, to accommodate smaller families in starter homes or older residents and empty nesters looking to down-size; (2) duplex and multi-family housing as rental units or condominiums to accommodate larger families and seniors with modest means; (3) more age-restricted housing to accommodate the elderly and (4) accessory dwelling units to allow seniors to age in place with family members. Mixed-use buildings, such as office or commercial space on the ground floor and an apartment above, can also be an effective method for providing lower cost dwelling units.

#### 4.4 LOW-MODERATE INCOME HOUSING STRATEGY

In 2004, the Rhode Island General Assembly passed legislation in response to affordable housing needs. Subsequent amendments to this law, known as the Low- and Moderate-Income Housing Act (RIGL 45-53) implement a statewide plan to provide safe and affordable housing to low- and moderate-income families, the elderly and low wage workers. The Act requires all municipalities to outline strategies to meet a 10% goal of

affordable local housing as defined in the Act. "Affordable" units are required to have a subsidy (State/local), with restrictions to assure they will remain affordable for a minimum of 30 years. Communities that already maintain 10% of their total housing stock as low-moderate income are exempt from the Act. The Act mandates that communities that do not meet their 10% goal must find ways to encourage low-moderate income (LMI) housing development. In 2005, as directed by the Act, each Rhode Island municipality assessed its affordable housing needs and outlined strategies to meet their 10% goal. As of 2017, the official percentage for Portsmouth is 2.8% with very little progress (+19.5%) since 2005 (Table 14). This leaves a deficit of 546 LMI housing units today. Since the Town still has not met the 10% threshold, it remains subject to housing development through Comprehensive Permits. Such developments may be allowed to override local zoning if they provide a certain percentage of LMI housing. Achieving and maintaining the 10% threshold affords the Town more control over local land use decisions in the future.

|  | <b>Number of Housing Units</b> | <b>Percent</b>                         |
|--|--------------------------------|--|
| Number of LMI Housing Units                                    | 210                            | 2.8% of Total Year-Round Housing Units |
| Number of 'Family' LMI Housing Units                           | 13                             | 6.2% of LMI Housing Units              |
| Number of 'Elderly' LMI Housing Units                          | 167                            | 79.5% Of LMI Housing Units             |
| Number of 'Other' LMI Housing Units                            | 30                             | 14.3% of LMI Housing Units             |
| Number of Year-Round Housing Units (2010 minus Seasonal Homes) | 7,558                          |  |

Source: 2018 Housing Fact Book, Housing Works RI.

#### 4.4.1 EXISTING STRATEGIES TO CREATE LOW- AND MODERATE-INCOME HOUSING

In 2005, Town estimated it could reach its stated goal of 10% LMI housing units by the year 2025 by implementing a number of strategies that would add 444 units by 2015 and an additional 888 units by 2025. This projection anticipated approximately 44 new LMI units per year for the 20-year planning horizon. In 2018, at 210 LMI units in total, the Town has not made the significant progress towards increasing the stock of LMI units necessary to meet the housing needs of Portsmouth residents. An evaluation of the strategies from the 2005 Plan follows below.

Regardless of any strategy's success or failure, one overarching limitation to LMI unit development that remains as a constant is that the Town faces severe constraints in locating new LMI housing at densities that exceed that which is permitted by current zoning. The Town of Portsmouth does not have a public sewer system, except in limited areas on Navy property. Compounding this, 86% of Portsmouth soils are rated as "poor," or having development

constraints that limit the use of conventional on-site wastewater treatment. Also, some 29% of Portsmouth has a highwater table. Finding the balance of policies designed to both protect groundwater, wetlands, and coastal features, while also facilitating the development of LMI units will be challenging and require creative approaches.

#### STRATEGY 1: PRESERVE AND EXPLOIT EXISTING AFFORDABLE HOUSING OPPORTUNITIES IN THE TOWN

Action 1: Maintain the continued affordability of the Town’s current affordable housing units.

Action 2: Support local development projects that will result in additional low- and moderate-income housing for the community, including active and proposed developments referred to as, Boys Town, Coastal Housing Corporation Property, Senior Center, Quaker Manor expansion, and Rainbow Heights.

#### STRATEGY 2: IDENTIFY AREAS FOR HOUSING REHABILITATION

Action 1: Designate Island Park, Common Fence Point and Prudence Island as priority areas for rehabilitation.

Action 2: Create a process for conversion of surplus Town owned lands and buildings and Federal surplus property to affordable housing.

Action 3: Prepare an inventory of potentially suitable sites for rehabilitation of existing housing and adaptive re-use of nonresidential properties.

#### STRATEGY 3: ENCOURAGE THE DEVELOPMENT OF MORE TYPES OF AFFORDABLE HOUSING

Action 1: Encourage the conversion of the Town’s existing mobile home parks to affordable housing.

#### STRATEGY 4: CREATE LOCAL INCENTIVES FOR THE CONSTRUCTION OF AFFORDABLE HOUSING.

Action 1: Create an Affordable Housing Trust Fund.

Action 2: Continue property tax credits / abatements program for affordable housing.

Action 3: Waive local fees where applicable for production of affordable housing units through new construction or rehabilitation.

Action 4: Offer density bonuses through zoning.

Action 5: Lower the minimum lot area for a two-family dwelling.

Action 6: Offer use of internal subsidies as an incentive.

#### STRATEGY 5: IDENTIFY AREAS FOR NEW LMI HOUSING CONSTRUCTION

Action 1: Develop a multifamily zoning incentive district that consists of sites with the potential for the construction of low- and moderate-income housing units.

**CONSIDERATION OF NEW STRATEGIES**

As previously noted, the above strategies for producing LMI units in Portsmouth have resulted in very little progress. A significant reworking of these strategies will be needed in order to make progress towards complying with State Law. See Goal H – 4 below.

**4.4.2 PROJECTING LMI UNIT PRODUCTION**

As the Town continues toward buildout, so will the 10% threshold of LMI units. Utilizing the State’s 20-year population projections, a new target for LMI homes may be calculated. In Portsmouth, the population is projected to increase slightly (17,793), which would lead to a slightly higher number of LMI units needed. As previously demonstrated, the need for additional LMI housing in Portsmouth will remain strong even after the 10% threshold is met. The forecasted 10% threshold in 2040 is projected at 773 LMI units, leaving a deficit of 563.

The distribution of need among these 563 units was calculated and shown in Table 15. A majority of the need is for families (42%), followed by the elderly and other populations with special needs (singles, individuals with special needs, and transient housing).

**Table 15 Distribution of LMI Unit Needs by Household Type**

| Household Type         | Proportional Need Projected | Number of LMI Units Needed at Buildout<br>(773 to meet goal x CHAS %) | Existing Supply | Future Need |
|------------------------|-----------------------------|---|-----------------|-------------|
| Elderly                | 34%                         | 191   | 167             | 358         |
| Family                 | 42%                         | 236   | 13              | 249         |
| Other                  | 24%                         | 135   | 30              | 165         |
| <b>Total LMI Units</b> |                             | <b>563</b>  | <b>210</b>      | <b>773</b>  |

Source: HUD 2000 CHAS Database, based on Portsmouth data.

**Table 16 Projected Construction of LMI Units by Strategy**

| Strategy             | 2005 | Current Units (2017) | Actual Construction in 2018 | Projected Construction of LMI Units |           |           |           |           |           | Total | Need at Buildout |
|----------------------|------|----------------------|-----------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-------|------------------|
|                      |      |                      |                             | 2018-2020                           | 2020-2025 | 2025-2030 | 2030-2035 | 2035-2040 | 2040-2045 |       |                  |
| Elderly              | 134  | 167                  |                             |                                     |           |           |           |           |           |       | 358              |
| Senior Center Policy |      |                      |                             |                                     |           |           |           |           |           |       |                  |
| Quaker Manor         |      |                      |                             |                                     |           |           |           |           |           |       |                  |

|   |            |            |  |  |  |  |  |  |  |  |            |
|---|------------|------------|--|--|--|--|--|--|--|--|------------|
| Inclusionary Zoning (new subdivisions)                |            |            |  |  |  |  |  |  |  |  |            |
| Miscellaneous (Boystown, Coastal Housing)             |            |            |  |  |  |  |  |  |  |  |            |
| Conversion of Mobile Home Parks                       |            |            |  |  |  |  |  |  |  |  |            |
| <b>Family</b>   | 12         | 13         |  |  |  |  |  |  |  |  | 249        |
| Quaker Manor  |            |            |  |  |  |  |  |  |  |  |            |
| Inclusionary Zoning (new subdivisions)                |            |            |  |  |  |  |  |  |  |  |            |
| Residential Multi-Family Incentive Zoning District    |            |            |  |  |  |  |  |  |  |  |            |
| Rehabilitation Strategies (Scattered Site Tax Credit) |            |            |  |  |  |  |  |  |  |  |            |
| Duplex Housing  |            |            |  |  |  |  |  |  |  |  |            |
| Conversion of Mobile Home Parks                       |            |            |  |  |  |  |  |  |  |  |            |
| <b>Special Needs</b>                                  | 23         | 30         |  |  |  |  |  |  |  |  | 165        |
| Inclusionary Zoning (new subdivisions)                |            |            |  |  |  |  |  |  |  |  |            |
| Residential Multi-Family Incentive Zoning District    |            |            |  |  |  |  |  |  |  |  |            |
| Miscellaneous (Boystown, Coastal Housing)             |            |            |  |  |  |  |  |  |  |  |            |
| <b>TOTAL</b>  | <b>169</b> | <b>210</b> |  |  |  |  |  |  |  |  | <b>773</b> |

4.5 GOALS, POLICIES AND IMPLEMENTATION

Note to reader: The following Goals, Policies and Action items can be read as follows:  
**Goal** – “In order to achieve the economic development vision for the Town of Portsmouth, this plan establishes as a goal for the town to.....”  
**Policy** – “In order to achieve the above stated town Goal, this plan sets forth as a policy that the town will.....”  
**Action** – “In order to implement the above stated town policy, the town will.....”

As will be the practice throughout in this plan, each of the action items listed in this section are evaluated with the following guiding principles in mind. Does the action.....?

- Conserve, protect and enrich our historic landscape and cultural heritage.
- Embrace energy conservation and responsible stewardship of our natural environment.
- Provide a safe and healthy environment for current and future generations to live, work and play.

- Ensure a stable, long-term economic future by making Portsmouth a great place to live, work and conduct business.
- Improve community resilience in the face of a changing natural environment.
- Build on existing community strengths.
- Advance the wise use of technological innovation where appropriate.
- Minimize negative impacts on future generations.
- Foster civic engagement and community cohesion.

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## GOAL H - 1

***Attain a degree of diversity in safe and affordable housing choices that meet the needs of present and future residents of all economic status and household groups.***

### *Policy H - 1.1*

***Preserve existing affordable housing opportunities.***

Action H - 1.1a – Monitor the status of all existing LMI units for expiration of deed restrictions and participate in activities that would extend the LMI status.

Action H - 1.1b – Maintain and annually review a database of current housing stock, evolving housing needs and trends in household make up, paying particular attention to housing in the affordable range.

Action H - 1.1c – Amend local tax assessment policy regarding affordable housing units to reflect acquisition costs rather than market value.

Action H - 1.1d – Support local active residential developments that have the opportunity to provide additional low- and moderate-income housing for the community (Quaker Manor, Boys Town, Anthony House, etc.)

Action H - 1.1e – Develop a tax abatement program that encourages owners of affordable housing units to voluntarily deed restrict their homes to allow them to qualify as LMI units.

### **Policy H - 1.2**

***Support and incentivize future residential development projects that result in additional affordable housing units.***

Action H - 1.2a – Adopt provisions in Portsmouth’s Zoning Ordinance that make it mandatory for all new residential developments of 6 units or more to designate 20% of the units as LMI units (Inclusionary Zoning).

Action H - 1.2b – Adopt provisions in the zoning Ordinance that allow for payment-in-lieu-of, off-site construction or rehabilitation and other strategies that allow developers to fulfill their affordable housing obligations.

Action H – 1.2c – Review and update the Low- and Moderate-Income Housing section of our Zoning Ordinance (Article XIX) which governs affordable housing development in the Residential Multi-Family Incentive District.

Action H - 1.2d – Require all proposed residential developments to submit a cluster or open space plan in addition to the standard yield plan for land subdivision.

Action H - 1.2e – Continue to waive all building permit fees for the construction Low Moderate-Income housing units.

Action H – 1.2f – Adjust the assessment if Impact Fees to reduce development costs for affordable senior and LMI housing units.

Action H – 1.2g – Explore restructuring the present Senior Center site to include affordable senior housing plus the Senior Center at the same site.

*Policy H - 1.3*

***Encourage the development of more types of housing choices to accommodate changing household demographics.***

Action H - 1.3a – Allow Accessory family dwelling units (so-called in-law apartments) by Special Use Permit in all residential zoning districts.

Action H - 1.3b – Encourage the conversion of the Town’s existing mobile home parks to affordable housing, a portion of which to qualify as LMI units.

Action H – 1.3c – Increase the density bonus for duplex housing particularly if one of both of the units is designated as an LMI unit.

Action H - 1.3d – Amend the Zoning Ordinance to support the development of work force housing where appropriate.

Action H - 1.3e – Update the Zoning Ordinance to allow more opportunities for mixed-use housing development in our Commercial and light

Action H – 1.3f – Zoning that allows multi-family dwelling units to encourage town-house and condominium style developments

*Policy H - 1.4*

***Recognize a particular obligation to meet the housing needs of our elderly population, first-time home buyers and those who are disabled or with special needs.***

Action H - 1.4a – Continue the Town’s property tax abatement program for our elderly and impoverished residents.

Action H - 1.4b – Establish a locally funded low-interest loan program (modeled after the Septic Loan program) to assist owners of affordable housing in maintaining and rehabilitating their homes.



Action H – 1.4c – Continue to robustly enforce the Building Code and Minimum Housing Standards particularly with regard to elderly and special needs residents.

Action H – 1.4d – Work with the Portsmouth Housing Authority to expand elderly housing opportunities.

Action H – 1.4e – Consider the Town acquisition of available land for the development of affordable housing development, particularly parcels with easy access to existing infrastructure and services.

Action H – 1.4f – Address Needs of First-Time Buyers, Elderly and Handicapped by providing information on available programs and housing opportunities in a central location.

## GOAL H - 2

***Guide future housing development that is in character with that of Portsmouth in general and that of individual neighborhoods in particular.***

### *Policy H-2.1*

***Promote opportunities to integrate affordable housing into existing neighborhoods.***

Action H – 2.1a – Develop a program, to be administered by an Affordable Housing Commission to vigorously pursue the creation of LMI units from existing housing stock.

Action H – 2.1b – Develop neighborhood-sensitive design guidelines for rebuilding “tear-downs” and for the rehabilitation and/or reconstruction of housing units in the creation of LMI units in existing neighborhoods.

### *Policy H-2.2*

***Prioritize locations for affordable housing that are closely related to existing infrastructure, facilities and services.***

Action H – 2.2a – Identify specific sites and specific projects for the development of affordable housing, particularly those sites in close proximity to facilities and services.

Action H – 2.2b – Consider improvements to public infrastructure to facilitate the development of affordable housing.

### *Policy H-2.3*

***Recognize that scattered site and infill development accompanied by effective housing rehabilitation programs is the desired way to achieving Portsmouth’s housing goals.***

Action H - 2.3a – Create a database of existing structures and vacant in-fill sites that appropriate for the conversion and/or development for affordable housing and LMI units.

Action H - 2.3b – Identify housing stock in flood-prone areas for exclusion in affordable housing strategies.

### GOAL H - 3

***Build a level of community support for affordable housing development that is self-sustaining, all-inclusive and proactive.***

#### *Policy H - 3.1*

***Advance programs that raise awareness of housing needs in the community and expand civic participation in affordable housing programs.***

Action H – 3.1a – Create and fund an Affordable Housing Trust Fund to aid in the financing of affordable housing and the creation of LMI units.

Action H – 3.1b – Establish an Affordable Housing Commission with the powers and duties necessary to guide housing strategies in Portsmouth.

Action H – 3.1c – Expand collaborative effort with local non-profit housing providers.

Action H – 3.1d – Participate in Statewide Housing legislative activities and planning efforts.

Action H – 3.1e – Issue general obligation bonds to assure a steady source of income to the Housing Trust Fund.

Action H – 3.1f – Advocate for Fair and Effective affordable housing legislation at the state level.

Action H – 3.1g – Conduct periodic “Housing Summits” to educate the public on housing needs and opportunities as well as the effectiveness of current programs and policies.

### GOAL H - 4

***Goal - Reach the quantitative threshold of Low-Moderate Income (LMI) housing units in Portsmouth as defined by State law.***

To reach the 10% threshold within the current planning time-frame, the Town must create approximately **550** new Low-Moderate Income housing units as defined by State Law by the year 2040, twenty three years from now. Although many housing units in Portsmouth can be considered affordable by State definition, a unit can only count as an LMI unit if it is brought about by some form of government subsidy, is affordable to those who qualify as low-moderate income households and are deed restricted to remain that way for a minimum period of 30 years.

Listed below are a preliminary list of direct actions to be taken by Portsmouth that will result in the production of LMI units and an estimate of the number of units resulting.

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