

To: Diane Williamson
From: State Street 151LLC
Date: August 26, 2024
Re: Affordable Unit Proposal

Under the new RI State Law, effective January 1, 2024, adaptive reuse projects for residential use, such as State Street 151 LLC's (Oliver School) project, are required to incorporate a 20% affordability component into the project scope. In return for zoning and development flexibility, Developers are encouraged to activate and create housing units from otherwise obsolete buildings to meet the State's housing crises.

In the case of the Oliver School building, for every five (5) residential units constructed, one (1) residential unit needs to be designated and meet the requirements established in the new law. The intent is to have a portion of the market rate unit revenues fill the revenue gap and subsidize the affordable component of the project. State Street 151 LLC proposes constructing eleven (11) units in all, two (2) of which will be designated low to moderate income and meet the 20% affordability component, as required.

A discussion point has arisen because the project exceeds the unit percentage threshold by 2/10th of a percent (2.2) or one (1) unit and is therefore may be subject to a third affordable unit, even though there are no other market rate units in the project to generate the additional revenue needed to subsidize a third affordable unit.

The Oliver School Building project is a relatively small residential conversion of a historic building with constrained space and challenging conditions. It does not have the financial flexibility to absorb a third affordable unit. Doing so would place a great deal of financial strain on the eight (8) market rate units to support three (3) affordable units in meeting all the obligations the project will have to carry. In essence, the third affordable unit would create a project affordability component of 27%, far more than the new law requires.

In lieu of a third, stand alone, affordable unit, State Street LLC proposes constructing a two-bedroom American with Disabilities Act compliant unit to be applied as one of the two (2) affordable units required. Plans submitted show van parking space, ramp and lift accessibility, with interior design of the unit meeting ADA requirements.

State Street 151 LLC would appreciate serious consideration of this unit affordability proposal as it achieves many project goals, housing and community needs and, hopefully, provides long-term financial sustainability.