



ECONOMIC ANALYSIS OF SELECTED HOUSING STRATEGIES

Town of Bristol, RI

FEBRUARY 2025



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INTRODUCTION

As part of the Town of Bristol's update to the Housing chapter of its Comprehensive Plan, Camoin Associates was engaged to analyze the fiscal and economic ramifications of five different housing strategies.

The Town of Bristol was provided with fifteen potential affordable housing models during the initial planning process. Five were selected as having the most potential in Bristol. Those five models were presented to the Planning Board with case studies. The Planning Board expressed the strongest interest in new accessory dwelling unit (ADU) incentives for affordable rents, which have been explored in detail in this report.

An additional four housing strategies, selected from the Housing chapter, have been analyzed for their programmatic viability and economic impacts. A summary and recommendation follow each analysis in this report.

Strategies Explored

1 Accessory Dwelling Units.

What are some pathways to financing new ADUs that can support affordable rents?

2 Short-Term Rentals.

What are the economic ramifications of restricting short-term rentals?

3 Allowing More Density.

What impacts do duplexes have on single-family houses?

4 Senior Housing.

What is the need for, and opportunity for, affordable housing for seniors in Bristol?

5 Housing Land Trusts.

What goes in to running a housing land trust, and could the Town operate one in Bristol?

1

ACCESSORY DWELLING UNITS

Introduction

An Accessory Dwelling Unit (ADU) is an apartment added to a single-family house either internally (such as with a suite of rooms), as an addition, or as an ancillary structure (such as a converted garage or in a “pool house” style). Historically, these units were made for family members, such as aging parents or adult children priced out of the housing market.

Because ADUs piggyback on the main house’s land, taxes, mortgage, and sometimes walls, and because many owners have a sympathetic relationship with the tenants, these units are frequently rented out affordably.

Objective

In the following section, we will examine the costs to develop and own an ADU, potential incentives to make financing an ADU feasible, and how those costs could be borne by affordable rents.

Problem Statement

Even when zoning and building codes will allow for the construction of a new ADU, building costs have made it prohibitively expensive – especially if the owners intended on renting the ADU affordably.

In looking at the construction costs, a modest 800-square-foot (20 ft x 40 ft) backyard ADU might cost \$300 per square foot to construct (online sources estimate between \$200-\$400/sf), and that does not include the cost of the concrete pad or tying in new utility lines like sewer, water, and electric. It also does not include permits and fees.

With these challenges, how can ADUs be constructed for affordable rents?

PART I

CALCULATING COSTS & RENTS

1. Estimating Construction Costs

The basis of our financial feasibility calculations is predicated on estimated construction costs of an ADU. While multiple ADU building “kits” are advertised online for low prices, we know of no successful kits permitted as occupied ADUs. Building officials suspect that those economical kits may not meet building codes or lack essential attributes like adequate insulation or plumbing amenities.

Therefore, this analysis has applied custom-build costs to assess the feasibility of ADUs meeting housing needs. We have applied a construction cost of \$375 per square foot based on two private-sector sources in New England.

We acknowledge and encourage that any of the financial feasibility models depicted on the following pages may substitute different construction costs if attainable cheaper.

The first source for our construction cost estimates comes from homebuilder Jonah Richard in Vermont, who published on November 17, 2024:

Of the six ADUs, two were new builds, and four were renovations of existing space. Only one of those renovations offered real cost savings by avoiding structural, roofing, and utility work. For that 550sf studio, we kept it just under \$100k. The rest? Between \$250k and \$350k.

Taking the middle of that cost range, we arrive at \$300,000 for new construction.

Similarly, the ADU-specialty homebuilder Backyard ADUs, operating in Maine, New Hampshire, and Massachusetts, prices its 810 square-foot model near \$300,000 as well.



2. Calculating Monthly Payments

The first step to identifying whether ADUs could support affordable rents in Bristol is to calculate a monthly payment from financing construction.

KEY COMPONENTS:

- Construction Costs.** Based on a review of the construction of similar structures in New England, the estimated “all-in” cost for a new, 800-square-foot, free-standing backyard ADU is **\$300,000**.
- Downpayment.** If financed by a 30-year mortgage, a borrower might need to put down 20%, or \$60,000. The monthly recapture rate of that downpayment (at no return) over 30 years is **\$167** per month.
- Loan Payment.** At a mortgage rate of 7%, the monthly payment to leverage \$240,000 is **\$1,597**.
- Total Monthly Payment.** The monthly recapture rate needed to break even on construction costs is **\$1,764**.

INPUT	COST
800 sq ft x \$300/ sq ft	\$ 240,000
Foundation, utilities, fees	\$ 60,000
Total project cost	\$ 300,000

LOAN CALCULATIONS	
30-Year Loan Amount	\$ 300,000
20% Downpayment	\$ 60,000
Principal at 7% Interest	\$ 240,000
Monthly Payment	\$ 1,597

MONTHLY RECAPTURE COST OVER 30 YEARS	
Downpayment Monthly Recapture	\$ 167
Monthly Loan Payment	\$ 1,597
Total Monthly Recapture Cost	\$ 1,764

3. Calculating Additional Costs

In addition to construction costs, an owner will incur several other expenses when adding an ADU to their property. The new construction will trigger some increased tax assessment value, need to be insured on the homeowner's policy, and absorb some utility costs when occupied (at a minimum, sewer and water fees).

For modeling purposes, we estimate additional taxes to be **\$1,000** per year, increased insurance to be an additional **\$1,000** per year, and monthly sewer and water fees to be about **\$100** per month. When broken down to a monthly payment of \$266, we round up to **\$275** to be conservative.

Note: The owner of an ADU rental unit will also pay income taxes on rent, but the asset depreciation and business expense deductions on annual tax filings should cancel out these taxes on new income.

When the \$275 in additional monthly expenses is added to the monthly construction costs, we arrive at **\$2,039** per month in the first year to own a new ADU.

ADDITIONAL COST CALCULATIONS	MONTHLY COST
Increased Property Taxes	\$ 83
Additional Homeowners Insurance	\$ 83
Some Utilities like Water/Sewer	\$ 100
Monthly Subtotal	\$ 267
Rounded Monthly Cost Estimate	\$ 275
Monthly Loan Payment	\$ 1,597
Monthly Downpayment Recapture	\$ 167
Total Monthly Owner's Expenses	\$ 2,039

4. Examining Bristol Rental Rates

The next task is to examine what rent prices are in Bristol to see if they can support the cost to construct a new ADU.

For this task, we will look at three metrics for determining median rent in the town.

The first is Fair Market Rent, as calculated by the US Department of Housing & Urban Development (HUD). HUD publishes "Fair Market Rent" for every market in the US (to protect taxpayers from price gouging on housing vouchers).

Fair Market Rent is for "standard-condition" rentals that recently turned over and accounts for all utility costs. It is in the 40th percentile of rents; that is, it is fourth out of ten (4:10) among the most expensive rents in town (tenth being the most expensive). For 2025, HUD calculates the Fair Market Rent for a one-bedroom apartment in Bristol to be **\$1,319**.

Our second source, the American Community Survey (ACS), places Bristol's median rent at \$1,276 from the 5-year average between 2018-2022. In 2024 dollars, that is **\$1,376**.

If you multiplied HUD's Fair Market Rent for Bristol by one and a quarter (1.25) to approximate the fiftieth percentile of rents (or fifth most expensive rent out of ten), rent would be **\$1,649** per month.

None of these estimated rental rates will cover the cost of the ADU.

RENTAL RATES		
HUD Fair Market Rent	\$	1,319
ACS Median Rent (2024 \$)	\$	1,376
HUD Fair Market X 1.25	\$	1,649
Monthly Loan/Recapture Cost	\$	1,764
Monthly Loan + Expenses Cost	\$	2,039

PART II

EXAMINING AFFORDABLE ADUs

In this section, we look at the financial feasibility of four models to encourage the construction of affordable rentals as accessory dwelling units. The first three models explore the use of an affordable housing trust fund.

Affordable Models Examined		
1	GRANT	Downpayment Assistance
2	GRANT	Interest Rate Reduction
3	LOAN	Revolving Loan Fund
4	LOAN	Bond for Loans

1. Downpayment Assistance

This model examines how housing trust fund dollars could defray the cost of a loan downpayment, which would reduce the monthly expense of a new-construction ADU.

If the Town of Bristol were to dispense its affordable housing trust fund with 13 grants of \$40,000 to defray the cost of a construction loan downpayment, it would reduce the monthly downpayment recapture rate to **\$56**. This, plus the mortgage payment, amounts to \$1,653 – a few dollars over 1.25 times Fair Market Rent. When adding \$275 of additional owner’s expenses, *it still puts the costs of an ADU out of reach of median rents.*

DOWNPAYMENT REDUCTION GRANT	
20% Downpayment on \$300K Loan	\$ 60,000
Downpayment Reduction Grant	\$ (40,000)
Owner's Downpayment to Recapture	\$ 20,000
Monthly Downpayment Recapture	\$ 56

AFTER-GRANT COST RECAPTURE	
Downpayment Recapture	\$ 56
Monthly Loan Payment	\$ 1,597
Additional Monthly Costs	\$ 275
Total Monthly Costs	\$ 1,928
1.25x HUD Fair Market Rent	\$ 1,649
Monthly Loss Year 1	\$ 279
Annual Loss Year 1	\$ 3,348

2. Interest Rate Reductions

An alternative approach for dispensing the affordable housing trust fund would be to use it to purchase “points”, buying down the interest rate for owners taking out a mortgage to build an ADU. If interest rates were at 7% and the Town of Bristol paid for four points, that could lower the mortgage interest rate to 6% and cost the Town a \$9,600 grant for each \$240,000 loan. If the Town took this approach, the fund could buy points on over **54 loans**.

That lower interest rate of 6% would reduce the monthly payment to \$1,439, and when combined with the owner’s downpayment recapture, it brings the monthly repayment to \$1,606. When adding the additional owner’s expenses of \$275, it increases the monthly costs to **\$1,881**. With 1.25x Fair Market at \$1,649, *it still does not cover the costs*.

It is worth noting that there may not be 54 applicants to the program in the first few years.

INTEREST RATE REDUCTION GRANT

Loan Payment at 7% Interest	\$	1,597
Loan Payment at 6% Interest	\$	1,439
Monthly Difference	\$	158

REDUCED INTEREST RATE FINANCES

Monthly Loan Payment	\$	1,439
Downpayment Recapture	\$	167
Additional Monthly Costs	\$	275
Total Monthly Costs	\$	1,881
1.25x HUD Fair Market Rent	\$	1,649
Monthly Loss Year 1	\$	232
Annual Loss Year 1	\$	2,784

A Revolving Loan Fund

If the Town wanted to consider using the affordable housing trust fund as a revolving loan fund to construct new ADUs, the fund could simultaneously support **two \$240,000 loans**. With two 30-year loans in repayment, it would take **15 years** before enough principal was paid back to issue a new loan, and by that time, construction costs may have risen. *In 15 years, the Town would have financed **three** affordable ADUs with the affordable housing trust fund.*

4. Bonding for a Loan Fund

Another option might be for the Town of Bristol to bond for an ADU loan fund. The Town might borrow \$5,000,000 to loan out to twenty new ADU construction projects. The Town may be able to bond at 4% interest and make twenty \$240,000 construction loans at 5% interest to borrowers.

A 5% construction loan would make the monthly payment \$1,288, and when the downpayment recapture of \$167 is added, it comes to **\$1,455** per month needed to pay back an ADU construction loan. If the owner charged 1.25x Fair Market at \$1,649, that allows for almost \$200 per month to cover incidental costs of increased taxes, insurance, and some utilities.

While this comes very close to breaking even, the monthly payback amount is fixed for 30 years, while 1.25x Fair Market rates should rise with the rate of inflation. For example, if Fair Market Rent rose by 3% each year with inflation, after ten years, 1.25x Fair Market would be \$2,216 – while the monthly repayment amount would remain the same. After ten years, there would be \$761 per month for the owner to cover incidentals and profits.

(Continued)

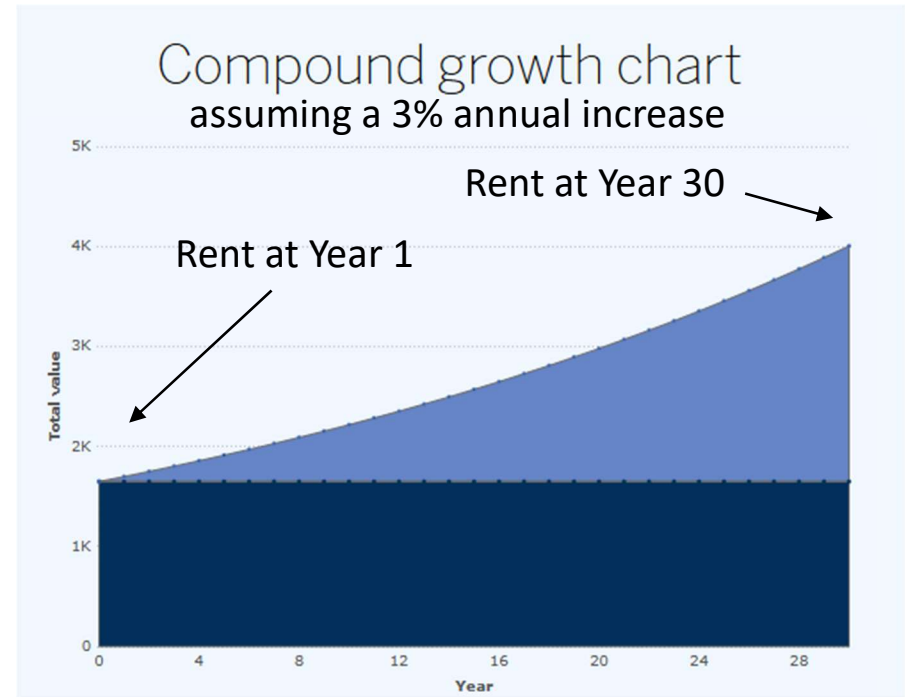
MONTHLY LOAN PAYMENTS

Monthly Loan Payment at 7% Interest	\$	1,597
Monthly Town Loan Payment at 5% Interest	\$	1,288
Monthly Difference	\$	309

BONDED LOANS FINANCES

Monthly Town Loan Payment at 5% Interest	\$	1,288
Monthly Downpayment Recapture	\$	167
Additional Monthly Costs	\$	275
Total Monthly Costs	\$	1,730
1.25x HUD Fair Market Rent	\$	1,649
Monthly Loss Year 1	\$	81
Annual Loss Year 1	\$	972

In the early years, the ADU would come close to breaking even, but in later years, **there would be notable profit** – even with the price capped at 1.25% Fair Market Rent. This is in addition to owners’ tax benefits like asset depreciation (the cost of the ADU) and loan interest deductions.



ANNUAL ANTICIPATED RENT INCREASES (3%)				
	1.25x HUD Fair Market Rent	Monthly Expenses	Difference	Annual
Year 1	\$ 1,649	\$ 1,730	\$ (81)	\$ (972)
Year 2	\$ 1,698	\$ 1,730	\$ (32)	\$ (384)
Year 3	\$ 1,749	\$ 1,730	\$ 19	\$ 228
Year 30*	\$ 4,003	\$ 1,968	\$ 2,035	\$ 24,420

*Additional Monthly Costs would go up by some factor

PART III

AFFORDABILITY CHECK

WHO CAN AFFORD MEDIAN RENT?

In order to settle upon a rental price that could support the cost of construction, we have relied on multiplying HUD's Fair Market Rent by one-and-a-quarter (1.25) to arrive at approximately the fiftieth percentile of area market rents. This calculation equals a monthly rent of \$1,649, *but is that affordable to Bristol renters?*

According to the US Census, Median Household Income for Renters, adjusted for 2024 dollars, is \$62,088. HUD sets a cost-burden standard where a household cannot responsibly afford housing if they spend more than 30% of their income on housing costs. At 30% of \$62,088, \$18,626 is available for annual housing costs (including utilities), or \$1,552 per month. This means that the renter household earning a median income *cannot* responsibly afford a rent of \$1,649 by almost \$100 per month.

However, HUD estimated 2024 Median Renter Income for a single household in the Providence-Fall River region to be \$78,680, which would allow for a monthly housing budget of \$1,967 – well above our 1.25x HUD Fair Market Rent. *There will be renters in the market who can responsibly afford these prices.*

If the Town bonds, what about the Housing Trust Funds?

If the Town of Bristol were to pursue the bond-funded loans in the last example, the Town might consider using the housing trust funds for downpayment assistance to select borrowers. This assistance should not be the whole amount but a large portion of it (perhaps \$40,000 of a \$60,000 loan downpayment). The Town might dispense 13 grants outright, or it could loan the funds subordinate to their bond loan, or the Town might place a lien on the ADU equal to the downpayment assistance so the Town will get the money back if the property ever sells.

A grant from the fund would justify a 30-year covenant on the new apartment to cap the rent at an affordable rate. Thirteen grants and covenants would equal the number of affordable apartments waived in the development that paid the in-lieu-of fees.

FINAL NOTES FOR CONSIDERATION

Covenants

In all models previously explored in this section, the Town of Bristol should place a 30-year covenant on each ADU that the Town assisted to cap the maximum rent at 1.25x HUD's Fair Market Rent.

Interest Rates

In several of the models explored, the finances did not work because current interest rates were too high. In the next couple of years, interest rates may return closer to 5% on the free market. If that happens, many of these ADUs could be constructed without loan or grant assistance.

If interest rates were to drop to 5%, the Town might focus on the use of affordable housing trust funds to provide construction loan downpayment assistance or to buy points on a private construction loan – both in exchange for 30-year rent-cap covenants. (If interest rates fall and ADUs can be constructed without assistance, then nothing precludes owners from charging rents that are out of reach for the local workforce to afford.)

Construction Costs

While our best, real-world construction cost estimate is \$300,000 for a standalone ADU, there may be scenarios where the cost is less. Maybe the property owner does the construction work themselves. Maybe the property allows for a less costly retrofit rather than a standalone stick-build. (Again, we have not found any examples of an ADU kit being successfully permitted.) If the real-world costs of construction drop to \$200,000 or as low as \$150,000, then the path to affordable rent is much easier to ascertain.

SUMMARY

At current interest rates of around 7% and with building costs so high, none of the loan or grant incentive models examined for affordable-rent ADUs were able to bridge the gap between construction costs and affordable rents. The one exception is the Town of Bristol bonding for a lower-interest construction loan fund, which would produce a profitable ADU rental at affordable rents after two initial years of minor losses. The bonding model even has a built-in return for the Town to cover administrative costs. However, the political will to bond for private affordable-rent construction loans may not be present.

RECOMMENDATION

If the Town decides not to bond for a construction loan fund, the Town should instead invest its accrued in-lieu-of fees in a housing trust fund. Once interest rates drop to around 5%, the housing trust fund might be used for bridge loans, downpayment assistance, or interest-point reductions in exchange for affordable rents. Alternatively, the housing trust fund could support a larger affordable housing project by being part of its capital stack (i.e., its multiple sources of funding).

2

SHORT-TERM RENTALS

Introduction

As a historic, ocean-front community with a successful private university, the Town of Bristol has a strong market for short-term rentals. Short-term rentals are defined as apartments or houses which are rented for less than 30 days at a time. Most short-term rentals are advertised on platforms such as AirBnB and Vbro.

Objective

In this section, we will look at the economic impacts of short-term rental visitors and compare the effects of workforce displacement on the local economy.

Problem Statement

Even after furnishings, booking fees, and high turnover expenses such as cleaning and bedding-washing, short-term rentals command significantly higher profits than traditional long-term rentals. Short-term rentals are more likely to host visitors with disposable income.

However, short-term rentals come at an opportunity cost for residential housing – both in terms of homes that are displaced from the market and apartments. When permanent residents are excluded from the housing market, the local hiring pool may diminish, straining businesses.

Are short-term rentals a net benefit or a detractor to the local economy?

PART I

SHORT-TERM RENTAL VISITORS

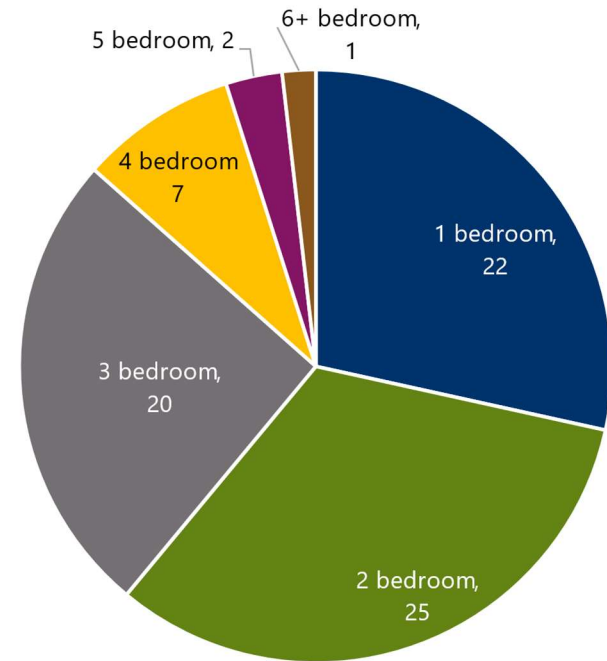
1. Measuring the Short-Term Rental Market

Over a twelve (12) month period ending in September 2024, the Town of Bristol’s short-term rental market looked like this:

KEY COMPONENTS:

- **Count.** There were 77 different units listed on short-term rental sites in Bristol over 12 months, ending in September 2024.
- **Occupancy.** Over that period, those units were occupied nearly 50% of the time (48.6%).
- **Stay.** The average duration of a visit during that period was 3.6 days.
- **Bedrooms.** The proportions of bedroom count in short-term rental stays in Bristol were: 33% 2-bedrooms; 29% 1-bedroom; 26% 3-bedrooms; and 12% 4-bedrooms or more.

Average Distribution of STR Listings by Bedroom Count in Bristol, 12 months ending Sept. 2024



Source: AirDNA, Camoin Associates

77
Listings

48.6%
Occupancy

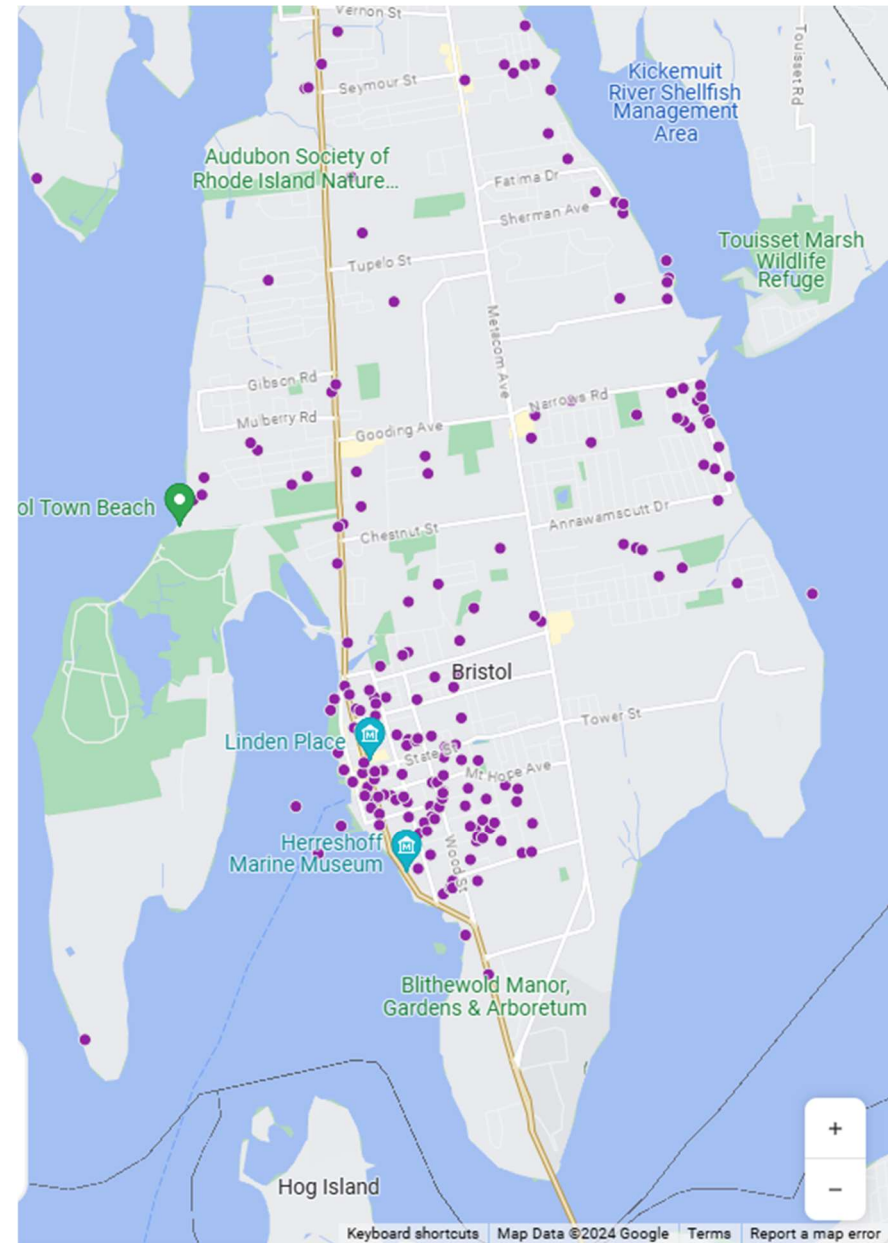
3.6 Days
Average STR stay

Source: AirDNA, Camoin Associates

Note: Estimates for Bristol Town are based on data for Bristol County for the 12 months ending Sept 2024

2. Geographic Disbursement

Short-term rentals were largely clustered in the downtown and eastern waterfront neighborhoods.



Summary of Bristol Short-Term Rental Market and New Visitors

Average full-home listings	72
Average occupancy rate	49%
Est. Total Rental Nights	12,772
Average length of stay (nights)	3.55
Est. visitors per booking	2.2
Est. Total STR Visitors	11,942

Source: AirDNA, American Community Survey, Camoin Associates

Short-Term Rental Spending Patterns in Bristol

Total STR visitors	11,942
Est. total spending per visitor	\$122
Est. Total Visitor Spending from STR Visitors	\$1,453,205

Source: Visit Rhode Island 2022 Tourism Impact Analysis, Camoin Associates

Note: Spending excludes any spending on short-term rentals.

Full-Time Household Spending Patterns in Bristol

Average full-home listings	72
Average spending per full-time household	\$36,149
Est. share spent locally	34%
Est. local spending per full-time household	\$12,291
Est. Total Spending by Full-Time Households	\$884,928

Source: AirDNA, 2022 Consumer Expenditures Survey, Lightcast, Camoin Associates

Note: Represents the average spending for a household with Bristol's median household income of \$91,382 (2022 American Community Survey)

3. Economic Impact of Short-Term Rental Visitors

Based on short-term rental (STR) data from AirDNA,, approximately **12,000 visitors** are projected to stay at these properties in Bristol each year.

According to a 2022 Visit Rhode Island tourism impact analysis, a visitor spends about \$122 per day of their stay – not including the cost of lodging. These short-term visitors are expected to **spend about \$1.4 million** throughout Bristol's economy in a given year.

Comparatively, if these units were used to house full-time households, those residents would be estimated to generate about **\$900,000** in local spending (not including housing).

In this simple analysis, over the course of twelve months, short-term visitors are expected to spend **over half a million dollars** more in the local economy than permanent residents.

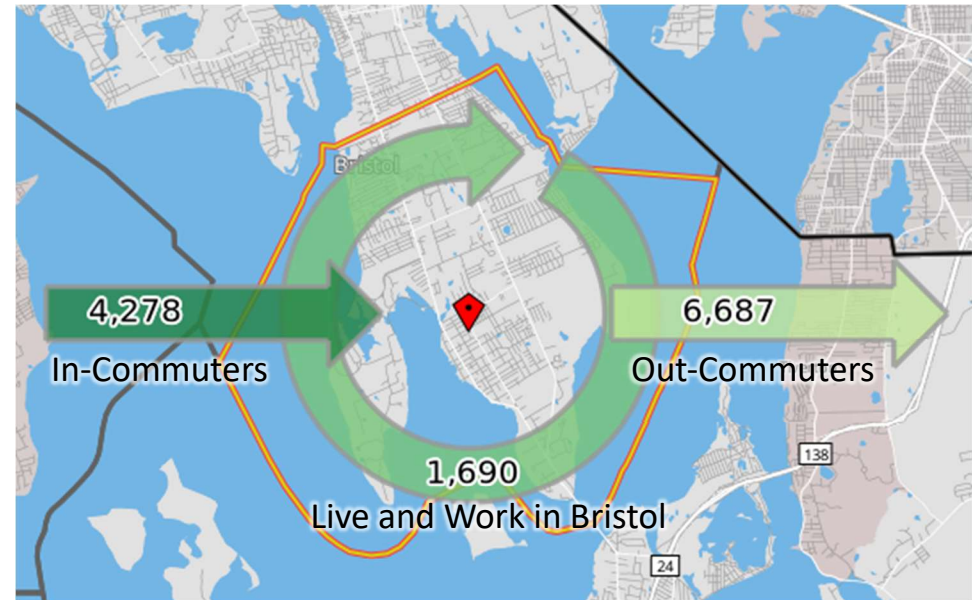
PART II

IMPLICATIONS ON WORKFORCE

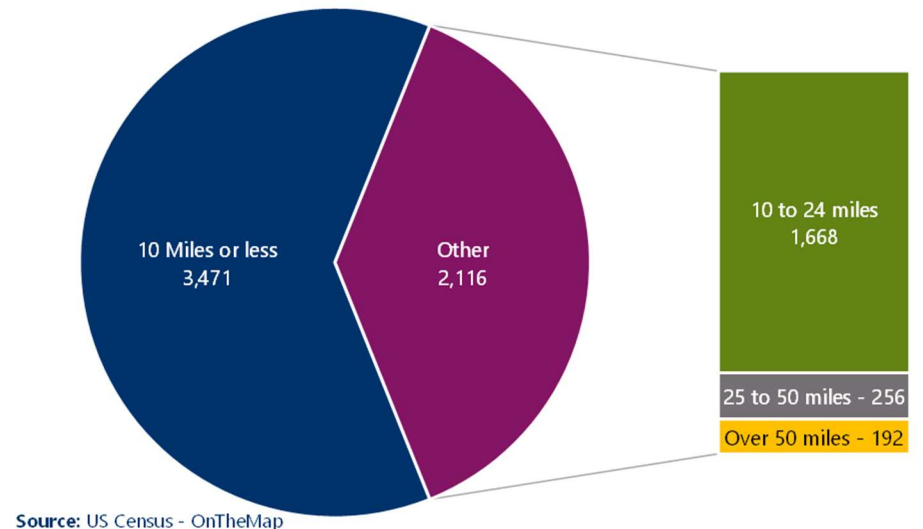
Where are employees coming from?

The majority of Bristol residents commute out of town for employment – more than the total number of jobs offered in Bristol. Bristol businesses are reliant on commuters to fill positions in town. Less than 30% of local jobs are held by residents, and if short-term rentals displace more housing, that percentage could decline, furthering Bristol’s economy’s dependency on commuters.

- Bristol has a mismatch of those who live in the town vs. those who work in the town, with **56% more workers commuting out** of the town than in.
- This employment economy is sustainable for those 5,139 employees who travel **less than 30 minutes** to their jobs in Bristol.
- However, those remaining commuters into Bristol for work with commutes over half an hour – **448** – are most at risk of changing employment to something closer to their out-of-town residence.
- Short-term rentals could compete for housing options for those 448 employees who are commuting longer distances to get to Bristol jobs.



Number of Workers Employed in Bristol by Commute Distance - 2021



Source: US Census - OnTheMap

SUMMARY

Bristol's short-term visitors spend considerable sums in the local economy while staying in town. Meanwhile, Bristol's employment market is functioning.

RECOMMENDATION

The current number of short-term rentals in Bristol – 77 – appears to be a workable amount without disrupting residential housing markets or hiring pools.

However, short-term rental counts can multiply quickly, and the Town should monitor the number of listings in the future.

Most towns control the total number of short-term rentals by requiring registration with a fee to pay for monitoring for non-compliance, then capping the number of short-term rental licenses with a lottery system when licenses become available for new users.

Usually, properties with a homestead exemption are exempt from the short-term rental cap because those short-term rentals are not displacing workforce housing at owner-occupied properties (though the exemption should be limited to the owner's personal unit). Exempting homestead exemption properties from the cap also allows homeowners to make money with their properties to help defray property taxes.

3

ALLOWING MORE DENSITY

Introduction

One way to increase the supply of housing is to increase density allowances. There are many considerations to take into account when examining new density allowances: (1) How do the different housing types affect assessments? (2) How will the private market respond? And (3) How compatible are the housing types?

Objective

In this section, we will look at the stability of single-family home values in proximity to multifamily properties.

Problem Statement

In a town with few buildable sites for new construction, one of the few ways to increase housing supply is to allow for more density, specifically more housing units per lot.

This can be a controversial topic on streets that are predominately characterized by single-family houses.

One major concern raised in this discussion is whether proximity to a multifamily property lowers the sales value of a single-family house. Another question that arises is whether multifamily houses can be visually compatible with single-family houses on the block.

How do real estate markets perform with multifamily housing situated close to single-family dwellings?

PART I

COMPARING MULTIFAMILY AND SINGLE-FAMILY VALUES

1. Sales and Valuations Comparisons

The Town of Bristol’s Assessment Office provided several comparable sales over 12 months of single-family houses, two-family houses, and multi-unit properties to examine how each housing type performs on the market.

Interestingly, the analysis showed that the more units in the building, the lower the price per square foot upon sale. Single-family houses cost the most and are assessed the most per square foot.

Type	Average Sales Price	Average Price / sf
Single-Family	\$ 523,900	\$ 413
Two-Family	\$ 546,131	\$ 266
Multiunit	\$ 748,000	\$ 227

SINGLE-FAMILY VALUATIONS

Address	Units	Total Value	Price / sf	Sale Price	Price / sf
32 Rock St	1	\$ 364,600	\$ 325	\$ 535,000	\$ 477
6 Central St	1	\$ 476,800	\$ 351	\$ 630,000	\$ 464
1191 Hope St	1	\$ 330,000	\$ 265	\$ 575,000	\$ 463
44 Greenway Dr	1	\$ 311,300	\$ 237	\$ 441,000	\$ 336
93 Perry St	1	\$ 291,800	\$ 215	\$ 438,500	\$ 323
Averages		\$ 354,900	\$ 279	\$ 523,900	\$ 413

Note: All properties sold within 12 months since November 2023.

Source: Town of Bristol, RI Assessment Office

TWO-FAMILY VALUATIONS

Address	Units	Total Value	Price / sf	Sale Price	Price / sf
52 Constitution St	2	\$ 522,200	\$ 304	\$ 790,000	\$ 461
87 Perry St	2	\$ 455,400	\$ 142	N/A	N/A
32 Pearse Ave	2	\$ 296,900	\$ 120	\$ 558,000	\$ 226
1013 Hope St	2	\$ 577,100	\$ 287	\$ 400,000	\$ 199
5 Lang Ave	2	\$ 378,500	\$ 155	\$ 436,523	\$ 179
Averages		\$ 446,020	\$ 202	\$ 546,131	\$ 266

MULTIUNIT VALUATIONS

Address	Units	Total Value	Price / sf	Sale Price	Price / sf
485 Metacom Ave	3	\$ 451,200	\$ 156	\$ 660,000	\$ 228
143 Bay View Ave	4	\$ 423,500	\$ 137	\$ 799,000	\$ 258
5 Wilson St	6	\$ 434,400	\$ 108	\$ 785,000	\$ 195
Averages		\$ 436,367	\$ 134	\$ 748,000	\$ 227

2. Value Performance in Proximity

In this section, we will look at how single-family houses' values are estimated when they are located on the same street as a multiunit property.

HOPEWORTH AVE.

Using the national home-values website Zillow.com, home values are estimated on the map on the right for single-family houses that share a street with two duplexes (indicated by stars). The single-family houses on Hopeworth Avenue hold some of the highest estimated sales values in the vicinity.

There may be nuances that affect the values of each estimated home price, but being located next-door to a duplex is not a significant factor.



Street Views of Hopeworth Ave. Duplexes

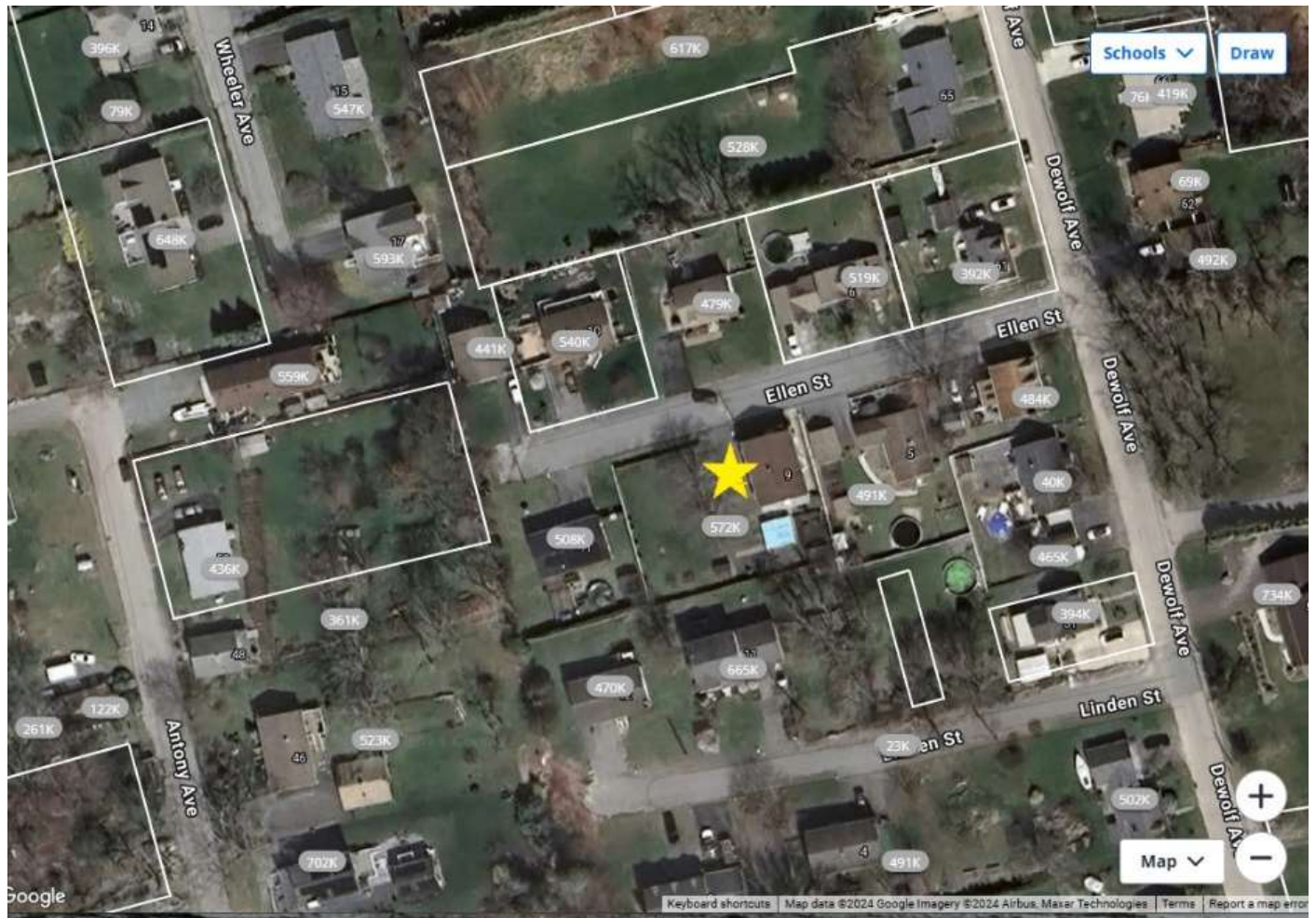
When reviewing these images, one Bristol Planning Board member remarked that she did not object so much to the number of units in these duplexes but rather their configuration with the two garage doors projecting prominently on the front of the house.

Discussion ensued about how the form of the building mattered more than the unit count when considering compatibility on a single-family street.



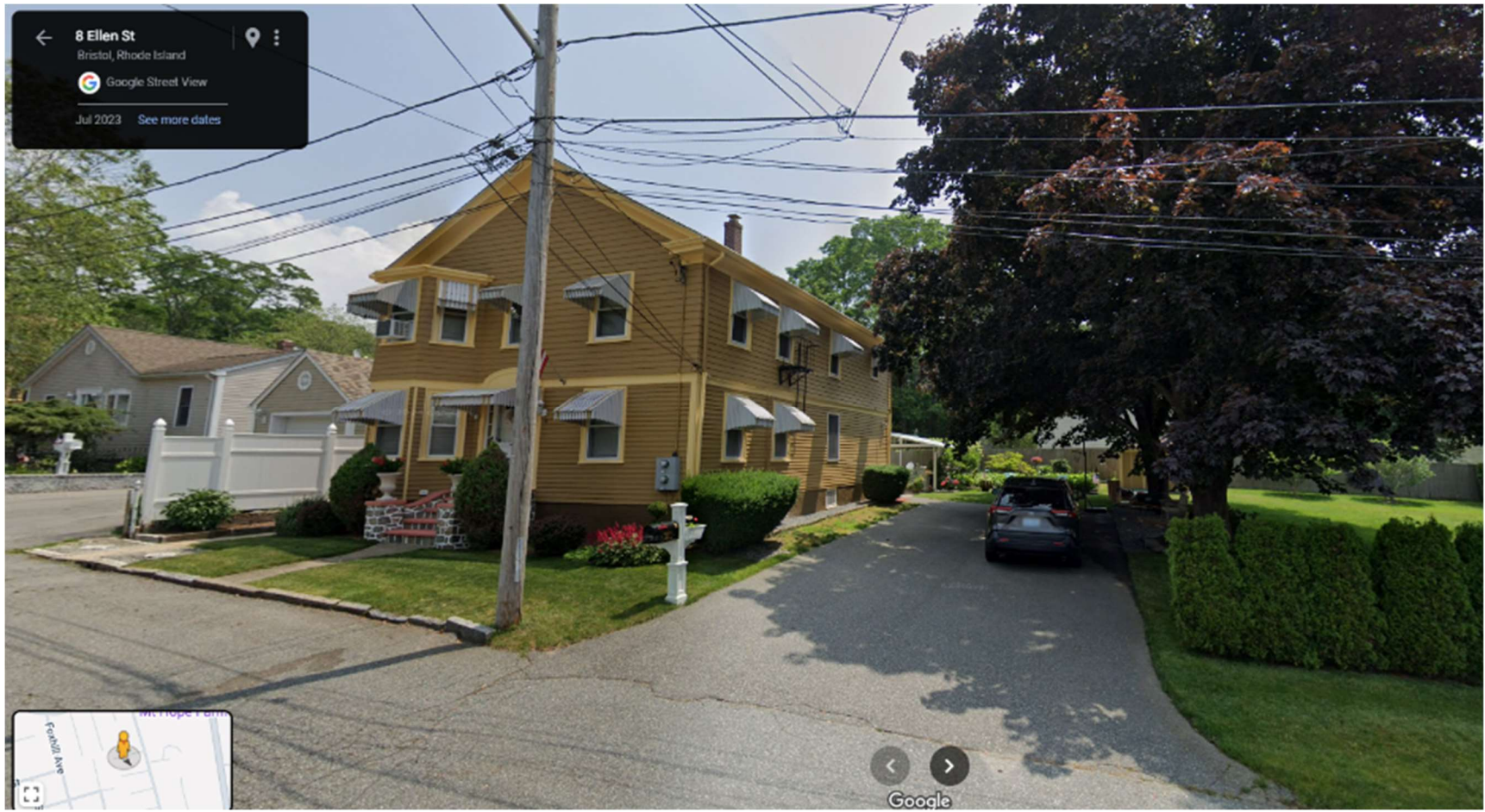
ELLEN STREET

This second example, taken from Zillow.com, shows the estimated value of an older two-family (starred on the map) amid an otherwise single-family street on the outskirts of downtown. All of the home-price estimates on Ellen Street are comparable to the surrounding single-family houses shown.



Street View of Ellen Street Two-Family

What is distinct about this two-family home is the traditional gable-ended house form with a central front door and no garage.



PART II

PERSPECTIVE OF A REAL ESTATE AGENT

Local experienced real estate agent Chris Woodard at Keller Williams provided his observations of how multiunit developments within single-family neighborhoods affect the market.

- **Multiunits do not negatively impact the values of single-family homes** in historic mixed-use neighborhoods because (1) buyers already accept that mixed-use development is the norm, and (2) inventory is currently so low that choosiness is not an option.
- Duplexes on comparable-sized lots to single-family houses have the potential for **double the vehicle storage** (for example, if each duplex unit had three cars, there could be six cars parked on the equivalent of a single-family lot).
- Bristol is a college town, and multiunit houses come with the **potential of student rentals**.
- Accessory Dwelling Units (**ADUs**) **do not elicit the same concerns** as duplexes in single-family neighborhoods because ADUs are intentionally subordinate in size and placement to the primary house. ADU rentals are more likely to be managed by the homeowner on site. ADUs are also supported by State law.

SUMMARY

There is no evidence that two-unit dwellings diminish the values of single-family homes nearby. However, thoughtful consideration about the form of the two-unit building and its vehicle storage for compatibility among its neighbors is key.

RECOMMENDATION

The Town of Bristol should allow two-unit buildings in predominately single-family neighborhoods but mandate housing forms and features that reflect abutting residences.

4

SENIOR HOUSING

Introduction

As Baby Boomers enter their retirement years, their housing needs change. A portion of those seniors are renters on a fixed income. During America's housing crisis, rents experienced upward pressure after the pandemic. These senior renters have few options when rental increases outpace their limited incomes.

Objective

In this section, we will examine the demographic data of older adults in Bristol, their affordable housing needs, and the factors that determine how senior housing developments are decided.

Problem Statement

Senior renters on a fixed income have few options to turn to when rents increase faster than their incomes.

One affordable housing option for seniors is a development using Low-Income Housing Tax Credits, or LIHTC.

LIHTC funding is competitive and projects are challenging to orchestrate. What are some opportunities and barriers to building LIHTC housing for seniors in Bristol?

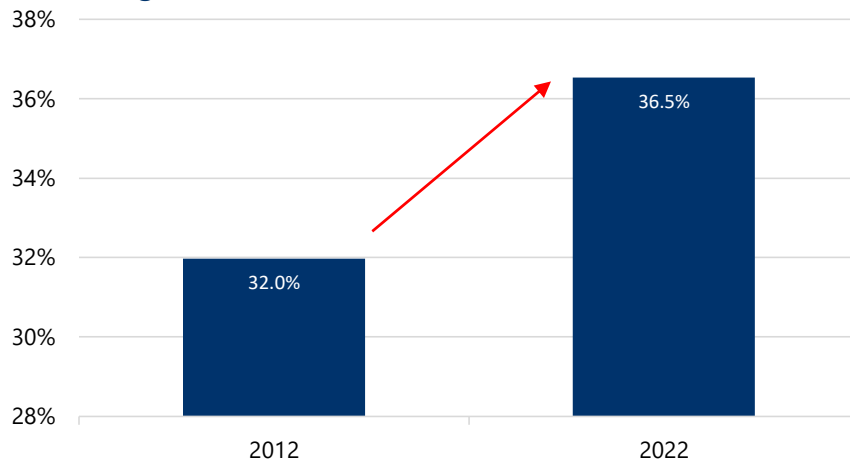
PART I

THE NEED

Across the country, Baby Boomers are aging and retiring in the midst of a housing crisis. While Baby Boomer homeowners may benefit from home price spikes in the last decade, senior renters, by comparison, are locked into high-market rates with fixed incomes.

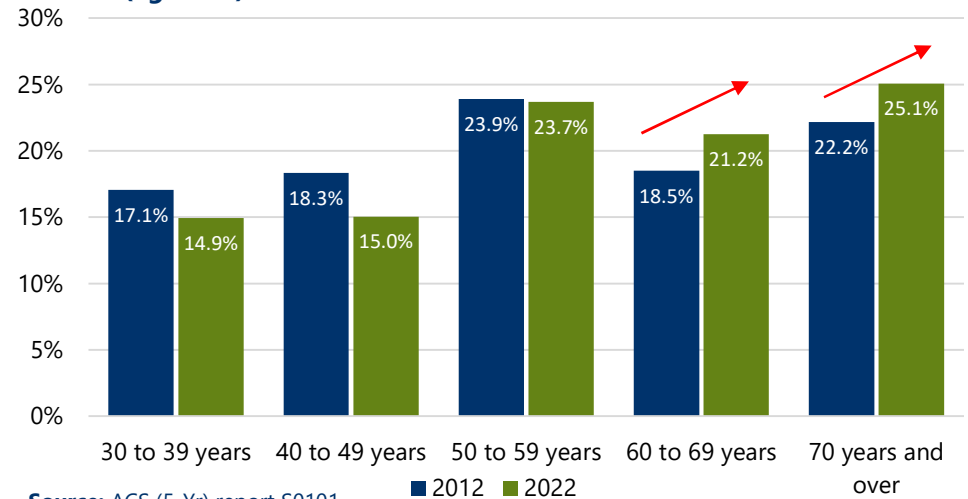
In the decade between 2012 and 2022, Bristol’s population of 55 years and older grew 4.5 percentage points, or 14%. In the same decade, the proportion of 30-somethings, 40-somethings, and 50-somethings declined, while the proportion of 60-somethings and over 70 increased.

Adults Age 55+ in Bristol - Percent of Total



Source: ACS (5-Yr) report S0101

Adults (age 30+) in Bristol



Source: ACS (5-Yr) report S0101

Senior Renters' Cost Burden

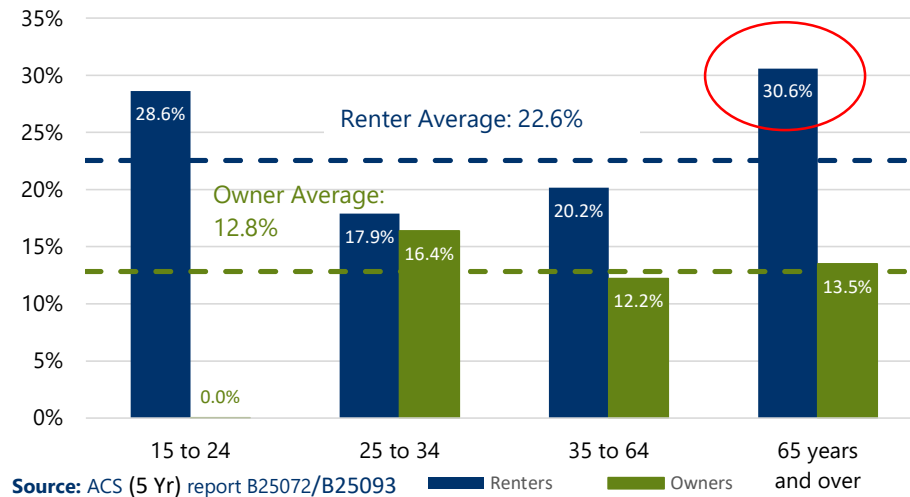
Older adults renting in Bristol are the most housing cost-burdened in the town.

The US Department of Housing and Urban Development (HUD) defines housing **cost burden** as spending more than 30% of one's pre-tax income on housing costs.

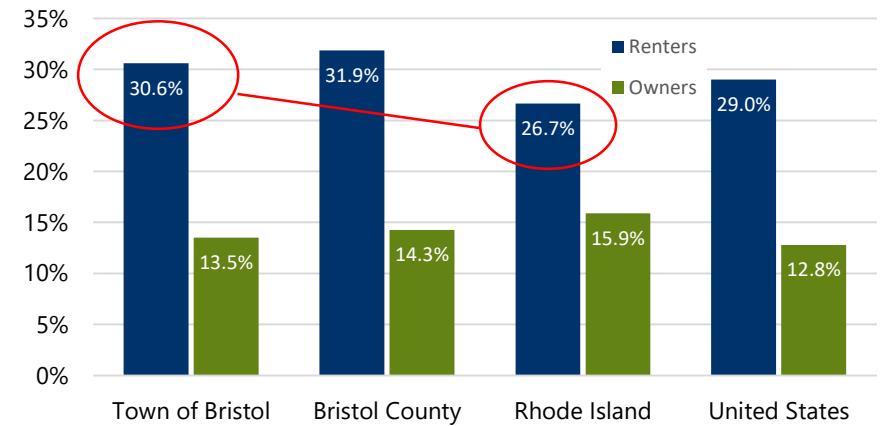
It is particularly onerous for retirees who might live on a fixed income, do not have real estate to sell, and no longer work.

Nearly a third of senior renter households in Bristol are cost-burdened – about 15% more in Bristol than the statewide average.

Cost Burdened Households by Age Cohort in Bristol - 2022

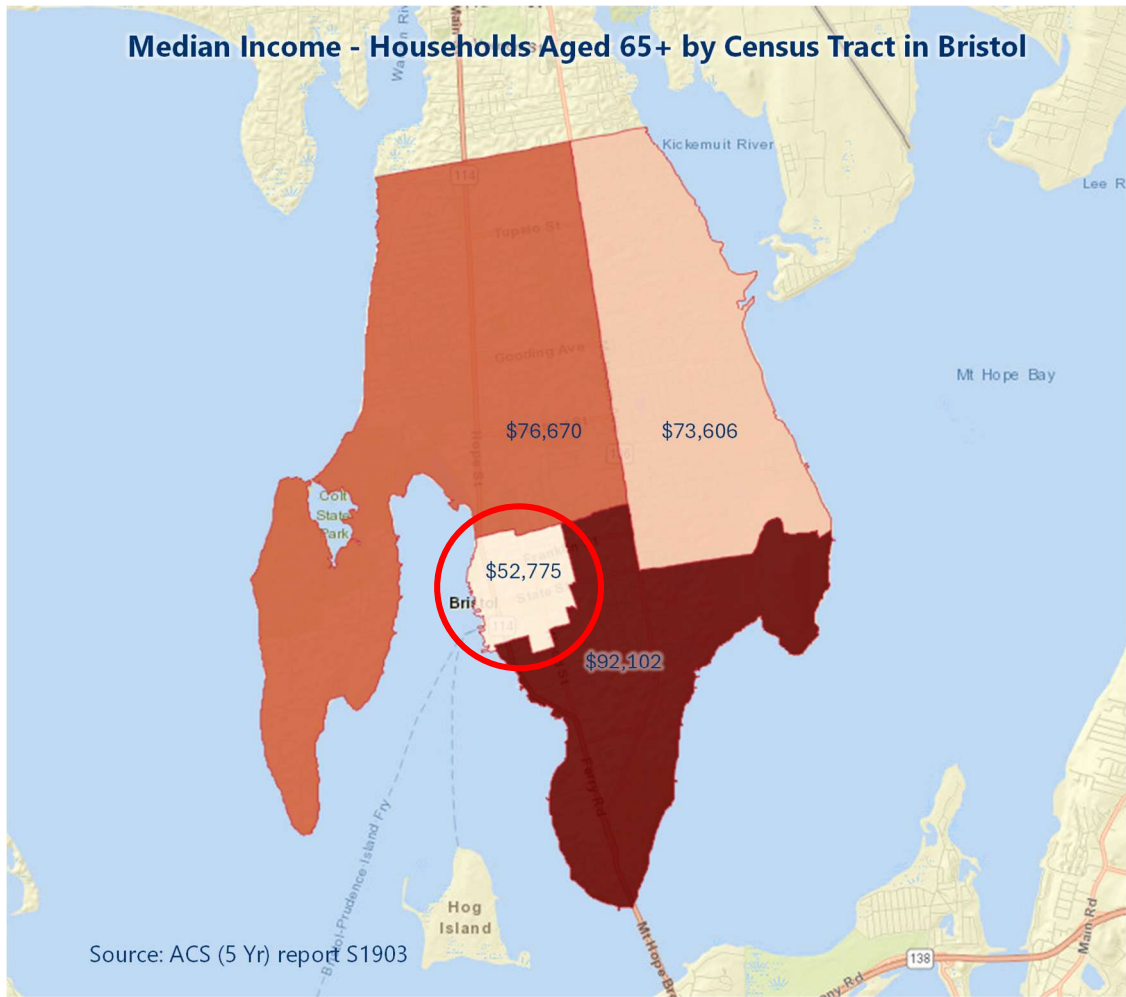


Cost Burdened Seniors (Age 65+) - 2022



Where is the Need?

Senior household incomes are lowest in Bristol's downtown neighborhood. At these incomes, many senior renter households in the Bristol's downtown would qualify for affordable housing programs.



Part II

How Low-Income Housing Tax Credit (LIHTC) Programs Work

Who would Qualify for Affordable Housing?

For older adult households in Bristol’s downtown neighborhood with a median income of \$52,775, two-person households would qualify as under 60% of Area Median Income. This bracket is a typical income qualification for affordable housing programs.

Providence--Fall River, RI-MA HMFA 2024 MUNICIPALITIES: Barrington, Bristol, Burrillville, Central Falls, Charlestown, Coventry, Cranston, Cumberland, East Greenwich, East Providence, Exeter, Foster, Gloucester, Jamestown, Johnston, Lincoln, Little Compton, Narragansett, North Kingstown, North Providence, North Smithfield, Pawtucket, Providence, Richmond, Scituate, Smithfield, South Kingstown, Tiverton, Warren, Warwick, West Greenwich, West Warwick, Woonsocket								
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30%	\$23,600	\$27,000	\$30,350	\$33,700	\$36,580	\$41,960	\$47,340	\$52,720
50%	\$39,350	\$45,000	\$50,600	\$56,200	\$60,700	\$65,200	\$69,700	\$74,200
60%	\$47,220	\$54,000	\$60,720	\$67,440	\$72,840	\$78,240	\$83,640	\$89,040
80%	\$62,950	\$71,950	\$80,950	\$89,900	\$97,100	\$104,300	\$111,500	\$118,700
100%	\$78,680	\$89,920	\$101,160	\$112,400	\$121,400	\$130,400	\$139,400	\$148,350
115%	\$90,510	\$103,500	\$116,380	\$129,260	\$139,610	\$149,960	\$160,310	\$170,660
120%	\$94,440	\$108,000	\$121,440	\$134,880	\$145,680	\$156,480	\$167,280	\$178,080

Source: RI Housing. Note: the highlighted cell was indicated by RI Housing as a standard benchmark for comparison.

How LIHTC are Awarded in Rhode Island

INTERVIEW WITH ANNE BERMAN, DIRECTOR OF REAL ESTATE DEVELOPMENT AT RI HOUSING, ON NOVEMBER 18, 2024.

The small state of Rhode Island is a “minimum receiver” of federal Low-Income Housing Tax Credits (LIHTC) because of its population size, amounting to a Qualified Allocation Plan (QAP) of \$3,455,000 in credits to assign for fiscal year 2025.

This annual allocation can only fund about three projects across the state each year. Up to fifteen applicants submit requests for credits from RI Housing at each round, equaling a 5:1 ratio of submission to allocation. At this rate, it can take developers three to five years of funding rounds to receive credits.

The most successful LIHTC applications will leverage the most points in their proposals: points for efficient budgeting, the most units per credits, serving the lowest income tenants, mixed-income projects, and comp plan targets like walkability and public transit access.

RI Housing is aware of a bias against family housing because of school census implications. Constructing more bedrooms per apartment is also more costly and therefore avoided by developers. For these two reasons, RI Housing provides 6 points for projects that include multi-bedroom apartments for families.

How LIHTC Projects are Scored

Point Allocation Summary

25 points	TDC
20 points	LIHTC Efficiency
5 points	Leverages rental and operating subsidy such as: HUD's Rental Assistance Demonstration program, Section 811 program, Federal or State Rental Assistance program.
10 points	Leverages hard debt or other competitive resources such as FHLB funding, Federal and State Historic credits or similar
6 points	The provision of 3+ bedroom units
25 points	Serves very low-income, homeless and/or special needs persons
3 points	Rhode Island Construction Firms
2 points	Inclusion of MBE/WBE in the development team
8 points	Fully permitted development
33 points	Alignment with CCD goals
10 points	Located in a community with less than 10% affordable homes
3 points	Addresses vacant, foreclosed and blighted properties
3 points	Energy Star & Tier II
2 points	Electrification
3 points	Passive Housing
3 points	Renewable Energy
3 points	Preservation of Greenfields

Total 164 points

NOTES

- "TDC" means Total Development Cost per residential unit.
- "LIHTC Efficiency" is the dollar value of credits per unit.
- "Alignment with CCD goals" are Comprehensive Community Development targets, which include measures such as walkability and the use of public transit.

Part III

Opportunities and Barriers to Constructing LIHTC Housing

INTERVIEW WITH DIANE MEDEROS, EXECUTIVE DIRECTOR OF EAST BAY COMMUNITY DEVELOPMENT CORP., ON NOVEMBER 19, 2024.

- The **price of land is prohibitively high**, so opportunities are limited. Donated land, partnerships offered for affordable housing by landowners (“We own this property; will you come and build affordable housing here?”), and repurposing properties are the most likely prospects for new projects.
- **Projects need a critical mass of units** to be financially feasible. Maximum lot coverages, height limits, or unit constraints can kill otherwise viable projects. This developer is hoping the RI General Assembly will allow certain density by right for affordable housing.
- The developer cited numerous examples of **public resistance to projects**, including Penny Lane in Warren where opposition came *after* the project was approved by local officials. Facilitating public conversations early in the process with visuals to illustrate the project is a successful strategy to assuage resistance.

Every development project requires **multiple funding sources**, called a “capital stack”. Affordable housing is no different. Many funders want to see the diversity of funding committed to a project. Towns can participate with Tax Increment Financing (TIF) and Community Development Block Grants (CDBG).

Top Challenges to Affordable Housing Development

1. Available land
2. Zoning too stringent
3. Public resistance to affordable housing
4. Funding

SUMMARY

Seniors are the fastest growing age group in Bristol and almost a third of senior renters are cost-burdened – higher than both the state and national average. Seniors in Bristol, especially living in the downtown area, would be eligible for low-income housing tax credit (LIHTC) housing. LIHTC developers need partners like towns to help provide project sites and/or participate in the capital stack by providing tax-increment financing (TIF) or other financial assistance.

RECOMMENDATION

Bristol should participate in a public-private partnership with a LIHTC developer to bring a senior housing project to fruition in town. That could look like donating municipal land or an unused building to a developer to convert to LIHTC housing. It could also mean providing tax-increment financing (TIF) to the development. It might mean using housing trust funds to assist in the development's financing.

In addition to any assets the Town may provide the development, offering the political and diplomatic support to assist the developer through the public process can be a tremendous boost to a project.

5

HOUSING LAND TRUSTS

Introduction

Housing land trusts are gaining in interest across the country as a means to create more permanently affordable housing without tax credits or subsidies.

Objective

In this section, we will examine the demographic data of older adults in Bristol, their affordable housing needs, and the factors that determine how senior housing developments are decided.

Problem Statement

If the Town of Bristol considered engaging this model for price-affordable housing options, would it be more effective to create a new local entity or to contract with an established land trust?

What is a Housing Land Trust?

A housing land trust is a mission-based, private organization that leases land to residents who own houses on the land. The land trust charges a nominal fee for the land lease, thus taking the cost of land acquisition out of the financial equation for homeownership.

A resident may buy or build any structure allowable by zoning on the leased land and privately own it. In return for nominal land-lease rates, the resident signs a covenant that allows the land trust to restrict the resale of the house on the land to income-qualified buyers.

In this way, the land lease model is a financially accessible entry point into homeownership, but it limits the amount of equity a homeowner can access after years of appreciation when they go to sell.

What Goes into a Housing Land Trust?

ORGANIZATIONAL COMPONENTS

Full-Time Director. Duties include:

- Education, outreach, and fielding inquiries
- Monitoring, mediating issues, and enforcing covenants
- Overseeing administration and reporting to a board of directors
- Executing opportunities (e.g., offers of donated land) and protecting assets
- Optional: advocacy efforts to attract more funding and effective policies

Note: Like a real estate agent, a land trust director needs to be on call at all times when an emergency or opportunity comes up.

Administration and Accounting. Duties include:

- Invoicing monthly land lease fees
- Reconciling payments
- Preparing monthly financial statements and reports
- Payroll and filing taxes

Operating Expenses

- Office equipment and supplies, subscriptions and fees, and some travel
- Upfront legal documents template preparation (like contracts)
- Contingency plan (line of credit?) if the organization gets sued or needs to sue
- Access to capital to buy back properties that are foreclosed or go to auction

How is a Local Land Trust Funded?

- Land-lease fees are nominal and do not produce much revenue.
- Some operational expenses can be shared by a sponsoring organization, such as bookkeeping and office expenses.
- A director might be funded by consulting in a related and flexible field, like real estate.
- Some land trusts with large holdings might have for-profit investments, like rental properties, to pay for staffing costs.
- Grants for nonprofits are sometimes available, but they are often inconsistent (offered for a few years only) or inadequately awarded (each applicant receives a small proportion of their request), and grants can rarely cover operational expenses.

WHAT MIGHT A LOCAL PROGRAM COST THE TOWN OF BRISTOL?

A land trust director would need real estate and legal acumen to understand finances and contracting. A salary for this mission-based work might be \$70,000, plus employment taxes and health insurance, totaling close to \$100,000 in employment costs.

Perhaps a sympathetic department or organization could cover the payroll processing, admin, and bookkeeping activities. Some startup funds would also be needed to create contracts, etc.

How would an Existing Organization serve Bristol?

The Community Housing Land Trust (CHLT) of Rhode Island is a statewide entity allied with the Housing Network of Rhode Island (the two organizations share some resources).

CHLT acquires new land to lease by donation, not purchase. The donor must pay the closing costs to transfer the property. Otherwise, there are no costs to a donating entity to have CHLT operate in their vicinity. CHLT is large enough to support dedicated staff. The organization has all of the relevant legal documents on file, and the staff is experienced in the more complicated situations that can arise (foreclosures, auctions, delinquency, storm damage, etc.). CHLT is also building a capital fund to act on rights-of-first-refusal written into their rental agreements.

CONSIDERATIONS REGARDING LOCAL VERSUS AN ESTABLISHED STATEWIDE ORGANIZATION

The biggest consideration is **scale**. A land trust needs someone “at the ready” to respond to donation offers or emergencies such as foreclosure or auction. To support this capacity at the local level would mean paying a dedicated person for a small number of properties, proportionately. Since the statewide organization is established with an existing business model, it would not cost the Town of Bristol anything to have CHLT operate in Bristol.

SUMMARY

There is increasing interest nationwide in using land leases to preserve the affordability of homeownership. A land-lease community land trust can borrow many administrative functions from a complementary organization or department, but the director of such a program needs a sophisticated skillset and should be on-call most of the time to respond to emergencies or opportunities. The land-lease model does not generally generate enough funds to pay for a director, so the director's salary must come from other sources and other revenue-generating activities.

RECOMMENDATION

The Town of Bristol may decide it would like to administer a land-lease program in-house with existing personnel or departmental support. Given the small number of transactions likely to occur in town, this may be feasible.

However, the missed opportunity of not collaborating with a larger, regional or statewide entity is accessing their expertise, experience, dedicated staff, funding resources, and any contingency funding they may have accrued. There is efficiency in volume that a regional or statewide land trust can achieve that a small mission-area like Bristol will not likely meet. Inviting an experienced, larger land trust to operate in Bristol is the most economical approach.



Celebrating Our 25th Anniversary