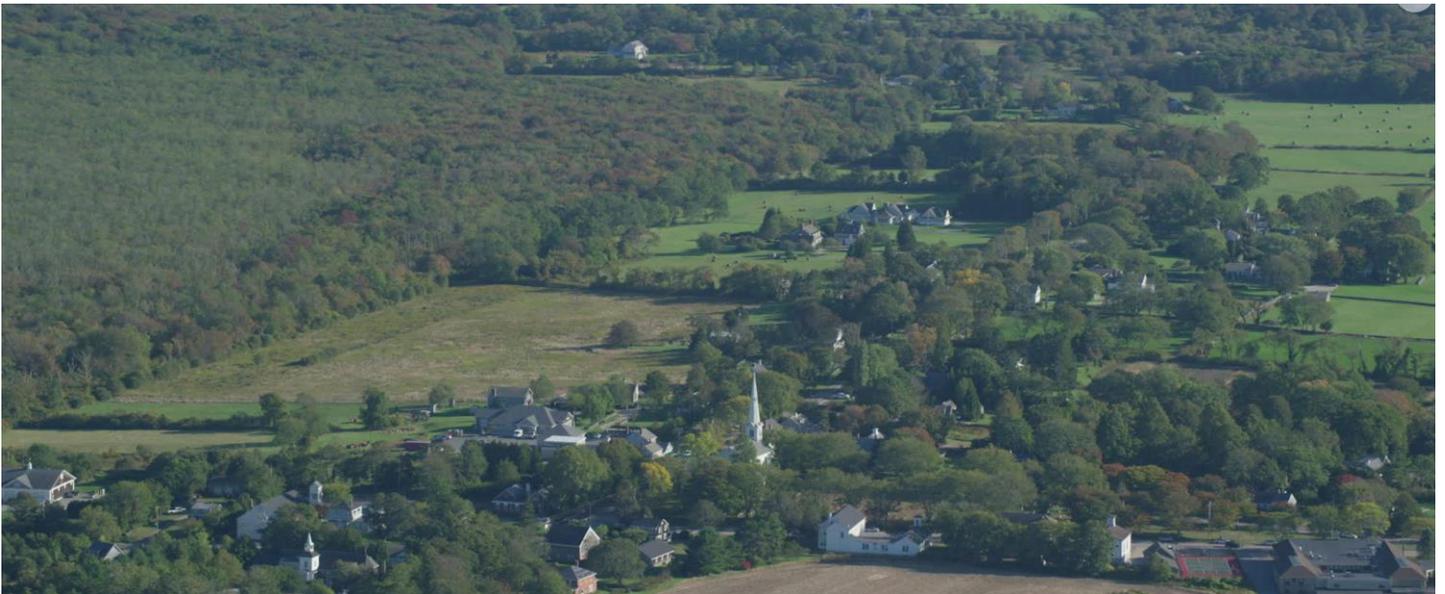


Evaluation of Housing Needs in Little Compton



A Report by



December 2022

Research, Analysis, and Writing:

Bryce Kelley

Annette Mann Bourne

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Introduction

The Town of Little Compton’s Housing Trust contracted with HousingWorks RI at Roger Williams University to support policies outlined in Little Compton’s Comprehensive Plan Housing Chapter seeking to develop an “Understanding of local housing needs” (Policy H1.A); as well as policies seeking to “Encourage an increased diversity of housing stock including more year-round rental opportunities” (Policy H1.b); and to “Support the development of senior housing and opportunities to age in place” (Policy H1.c). The first action associated with these policies is to “Conduct a survey in order to evaluate demand for senior housing and affordable housing” (Action H1.a).

In furtherance of these policies, HousingWorks RI conducted stakeholder interviews, composed and analyzed the findings of a housing needs survey, and used public and proprietary data to examine residential market conditions and housing needs.

Analysis of qualitative and quantitative data sought to inform a brief overview of existing conditions and a robust outline of recommended action steps towards the goals of:

- identifying opportunities for the development of new long-term affordable housing to meet the needs of the low- and moderate-income housing households;
- increasing opportunities for downsizing and modifying homes to meet ADA and healthy housing standards; and
- establishing a means of watching real estate trends, overall housing affordability, and opportunities for development.

Methodology and Sources

Data presented in this report were obtained from key national, state, and local datasets, as well as industry sources.

Using the most recent data available, costs come from RI Living, RIHousing, and proprietary data from The Warren Group. Demographic data comes primarily from the most recently available U.S. Census Bureau tables. Short-term rental data was obtained by AirDNA and InsideAirbnb.

2022 Housing Fact Book Data

All come from the relevant tables within the U.S. Census Bureau, ACS, 5-Year Estimates, 2016-2020; RILiving’s Residential Sales Statistics; RIHousing’s 2021 Rent Survey, etc.

Stakeholder Interviews

To better inform the contracted work of designing and administering a town-wide housing survey, HousingWorks RI (HWRI) moderated a series of stakeholder interviews. HousingWorks

RI asked the Little Compton Housing Trust (LCHT) to suggest the names of up to 10 local stakeholders who participate in local activities related to housing and development. Eight stakeholders were finally identified and accepted the invitation to participate. The interviews were conducted by Annette Bourne, HousingWorks RI's Director of Research and Policy, over Zoom. Interviews were approximately one hour long and were recorded and automatically transcribed. To devise summary takeaways from the stakeholder interviews, both the interviewer's notes and direct transcripts were consulted, especially when citing direct quotes. Interviewees were then given the opportunity to comment on a draft report, and any edits were reflected therein. Any factual misstatements regarding local ordinances, regulations, or organizations are reflective of local knowledge and understanding. The questions sought insights into Little Compton's housing needs and what were viewed as the challenges and opportunities to meeting those needs. The answers were intended to help inform the community survey that was conducted that during the summer.

Housing Needs Survey

Following thorough analysis of stakeholder interviews, questions for the community survey were developed with further direct input from LCHT. Question intentionality was of paramount importance, so careful attention was paid to question design/structure as well as functionality of a survey structure that allowed for decision tree logic questioning. The survey, created and administered through *Qualtrics*, was designed to highlight community members' thoughts, opinions, and feelings regarding the following:

- Owner/Renter structure and costs
- Workers
- Landlords
- Need for care/help for older adults
- Importance of a discussion about housing affordability (ranked statements)
- Vision (agree/disagree statements)
- Familiarity with LCHT
- Demographic/personal information (age, income, duration of residency, part-time/full-time residence)

The survey was active from mid-January 2022 – June 30. LCHT promoted the survey widely and successfully as it received 382 responses.

Real Estate Transactions

Warren Group Sales Data

Though RILiving's residential sales data is an important source of data and information regarding market conditions, it does not contain the granularity of data that HWRI sought. Therefore, Warren Group Sales

data was utilized as it delivers address-level data on multiple dimensions of housing. Both to examine year-over-year trends and to create a more robust number of sales to examine, HWRI examined Warren Group data from 2018-2021.

The dimensions of real estate sales that were analyzed include:

- Location
- Price (adjusted for 2021 \$)
- assessed value (adjusted for 2021 \$)
- year structure built
- lot size
- bedroom number
- interior square footage

Data was first analyzed across these dimensions by year and as a whole for the 2018-2021 time period. HWRI also calculated a new field for the difference between assessed value and sales price as an attempt to track value areas. However, in order to better understand trends and patterns in a spatial sense, the address-level data needed to be aggregated into location-based groups or sectors. Traditionally, this would have been done by zip code, census tract, block group, or common neighborhood delineations. However, given Little Compton's size and a limitation of available geographical divisions of the town, the analysis required HWRI to manually construct a grid pattern in GIS to segment the town into more manageable chunks. Once distinct geographical areas were created, HWRI uploaded all geocoded sales into GIS and dissolved them within their respective sectors. With each address now attributed to a specific sector, the data was analyzed and aggregated by sector to create single values for each geographical area.

The final values that were mapped by sector were:

- Median year structure built
- Average lot size
- Average bedroom number
- Price
- Assessed value
- Difference between price and assessed value

Short-term Rentals in Little Compton: *AirDNA, InsideAirbnb scraping data*

Two platforms, AirDNA and InsideAirbnb provide data on short-term rentals in Warren. AirDNA looks at all short-term rentals, regardless of the platform they are listed on while InsideAirbnb shows only Airbnbs (but also provides historical quarterly data).

Executive Summary

The COVID-19 pandemic and its related impacts on the housing market in Rhode Island continues to be felt across all of the state's cities and towns. High prices, low inventory, increased competition for real estate from out of state buyers, and in recent months, higher interest rates have made the dream of owning a home out of reach for many. Renters are experiencing the crunch too, through similar increases in prices and historically low inventory. This all but ensures that many of those who normally would be becoming homeowners now cannot afford to buy and are still forced to rent, putting downward pressure on already struggling renters. Dwindling affordable options are resulting in owners and renters alike paying more than what would be considered affordable, causing them to be considered cost burdened. It's important to note that these conditions were not created by the pandemic in a vacuum. They were preceded by years of under-production of homes, particularly following the 2008 Great Recession and an over-reliance on zoning that favors single-family homes on large lot sizes.

Little Compton has not been immune to any of these housing conditions. The town's existing agricultural characteristics and coastal constraints, coupled with its ongoing legacy of being a destination for vacationers and part-time residents for decades, all but ensures that the effects of the housing crisis are being shouldered by those lower-income/fixed-income year-round residents. In many ways, Little Compton's struggles with housing affordability reflect that of New Shoreham, in terms of size of its full-time population, large part-time resident population, high-priced real estate market, and growing gap between wages and the income needed to afford to live in town.

Perhaps the most striking dimension of Little Compton's housing market is its expense relative to its size. Second only to New Shoreham in the state for smallest population at just under 4,000 year-round residents (third-smallest in household size), Little Compton also boasts the third-highest median single family home price at \$797,000. It should be no surprise that Little Compton also ranks among the top-five in municipalities for income needed to afford a monthly housing payment (\$174,010). Historically, prices for single family homes may have been high in Little Compton, but that condition has only been exacerbated as of late, with a 48 percent increase in single family home prices over the past five years (from \$536,728 to \$797,000). This results in housing costs in Little Compton exceeding three times what would be affordable to those making the private sector wage.

Unfortunately, due to the small number of rentals in Little Compton and its small geography, available rental data is scarce and has not done as well a job at reflecting the large increases and short supply that are reported anecdotally and by experienced professionals. As more would-be owners are forced to rent across the state and in Little Compton, this data is of paramount importance to HWRI and will be an area in which further research will be done. What is clear is that short-term rentals continue to grow throughout Little Compton, with the highest concentration located in the southern end of the town. According to AirDNA, there is 11 percent quarterly growth of short-term rentals. This can compound the problem of unattainable housing for residents as more of the housing stock is taken off the market to renters or buyers.

A common theme among survey results was that the reality of the housing crisis is not lost on the Little Compton community. Not only did respondents of the survey note the severity of the housing situation in town, but 43 percent responded that they or someone they know are struggling with housing. The survey also revealed that the majority of residents are in agreement that the town bears responsibility

in improving the housing affordability issue through finding ways to create more affordable housing. Almost half were aware of the Little Compton Housing Trust, which further lends credence to the idea that residents know of those mechanisms at work to address the crisis. Respondents overall were quite attuned to zoning's influence on the creation of more affordable housing types as well as the careful balance that must be struck between creating light touch housing density in desired areas while preserving the agricultural identity of the town. There was also encouraging levels of interest in the creation of accessory dwelling units by respondents, a sign that residents are willing to address the housing shortage is possible.

The results of this report make one sentiment abundantly clear: The town of Little Compton, for all of its desirable and unique traits, may no longer be a place that many year-round residents can viably afford to live in.

2022 Housing Fact Book Findings for Little Compton

The data in the following subsections are excerpts from the 2022 Housing Fact Book and represent the latest data available for Little Compton.

Population and Households

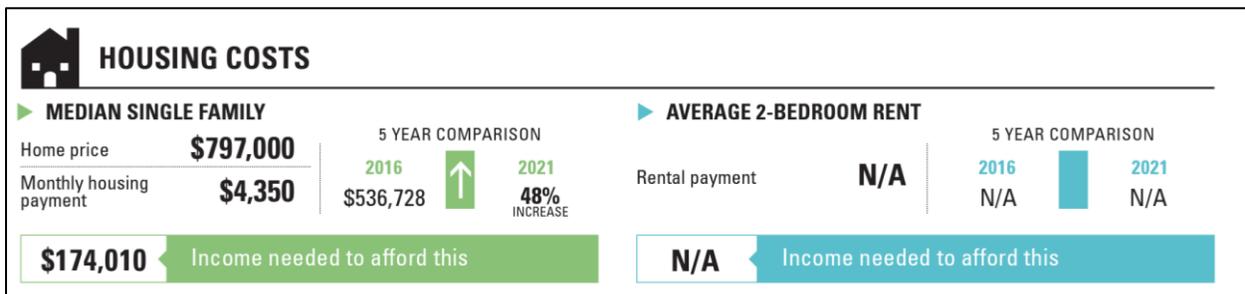
While Little Compton’s population ranks as the second smallest in the state (only New Shoreham has fewer), household income, however, is the fifth-highest.



Housing Costs

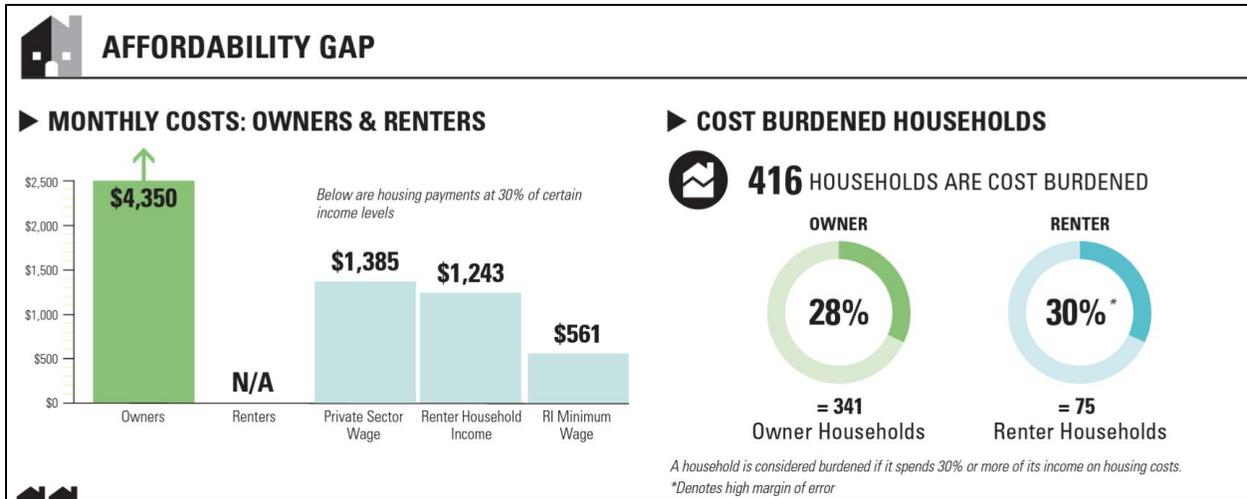
Housing costs, in terms of the median single family home price, income needed to afford a single family home, and percent increase over the last five years, rank among the state’s most expensive.

Little Compton has the third-highest median single family home price and fourth-highest income needed to afford a home in the state. Furthermore, the town’s 48 percent increase in single family home prices over five years puts it in the top third highest increase in the state.



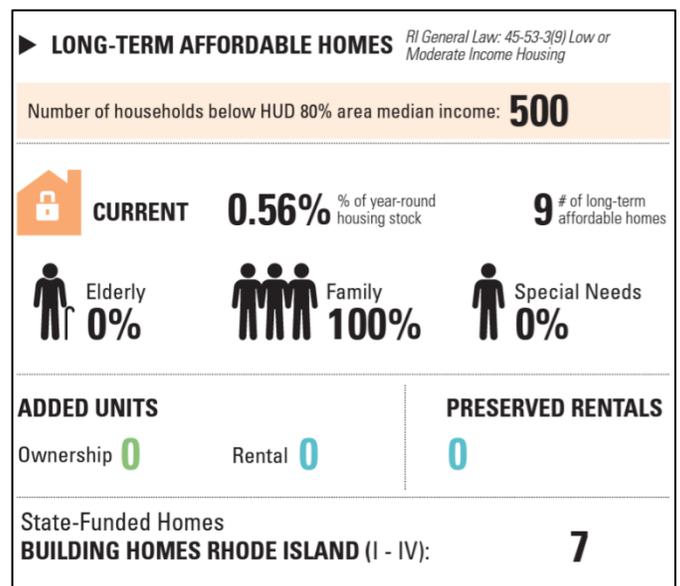
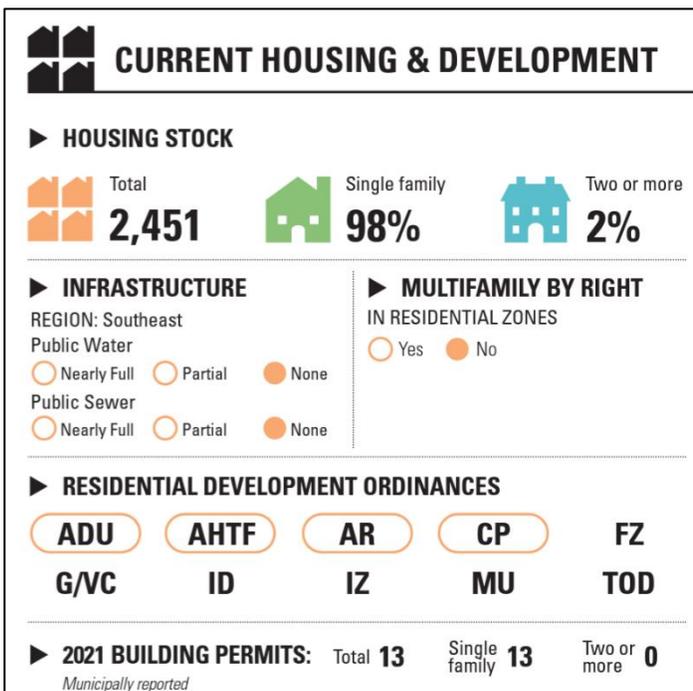
Affordability Gap

Due to the high cost of owning a home in Little Compton, many simply do not make enough to afford the monthly housing costs. Private sector wage, even if it came from two income earners, would not be close to enough to afford the \$4,350 owner housing cost. Because of the lack of rich rental data and the high margin of error in the data that is available, it is difficult to ascertain those same affordability gaps in Little Compton’s renter population. With that said, private sector wage, renter household income, and RI minimum wage do not come close to paying enough to afford the state’s average 2br rent of \$1,704. The result of these high prices are households that are cost burdened, meaning that they pay more than 30 percent of their income on housing costs. 28 percent of owner and 30 percent of renter households are cost burdened (though it should be noted that renter cost burdens have a high margin of error due to the low number of renters).



Current Housing & Development

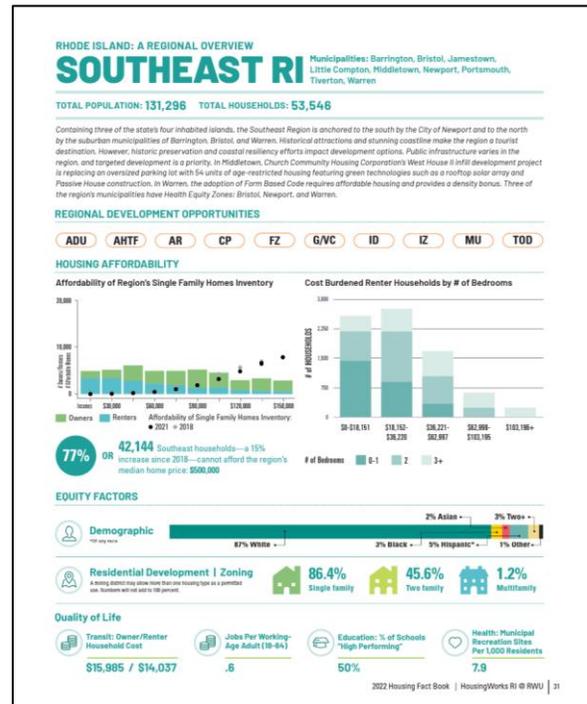
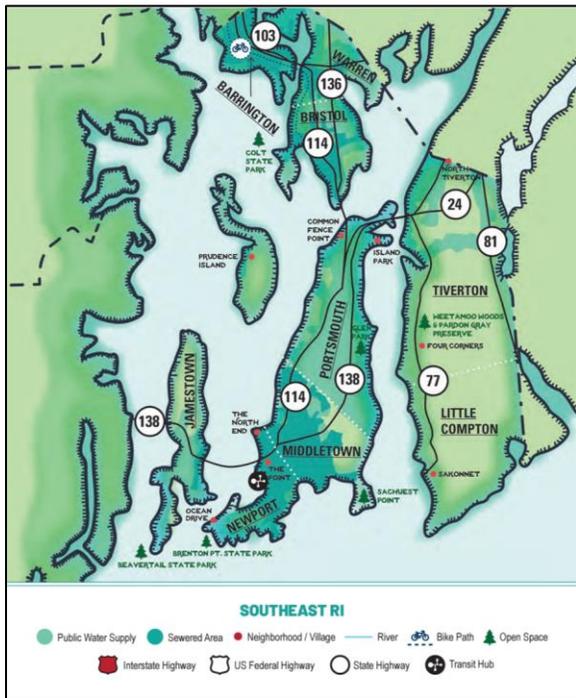
The housing stock in Little Compton is dominated by single family homes. This should come with relatively little surprise as only 1.1% of Little Compton is zoned for multifamily by right (B District) and still requires review by the Planning Board. Little Compton has a longer way than all other municipalities in achieving its 10% of year-round housing stock being long-term affordable as it currently sits at just 0.56%. This points to perhaps a greater need for state assistance and/or involvement in municipalities with unique characteristics such as Little Compton.



Regional Considerations

Since its 2017 Housing Fact Book, HousingWorks RI has been providing regional analyses of Rhode Island. Given the state’s geographic diversity and compact size, we believe regionalism may hold promise for increasing the variety of residential development that best suits the needs of Rhode Islanders. These regions are devised by the U.S. Census Bureau and were first used by HousingWorks RI in the 2016 report on Future Housing Needs. Little Compton falls in the Southeast RI region, which includes both Newport and Bristol counties. The images below are the two pages from the 2022 Housing Fact Book for that region.

As compared to other municipalities in Southeast RI region, Little Compton has a significantly higher median home price (\$797,000 vs. \$500,000). Its zoning, however, falls closer in line with the average across the region. One- and two-family by right zoning makes up 100 percent of Little Compton’s unprotected land, while the Southeast RI region is 86 percent and 46 percent, respectively. Multifamily (3+) is almost identical at just over 1 percent.



Stakeholder Interviews

The following are the themes that emerged from the stakeholder interviews. **The full report is attached.**

- **Expense:** Little Compton has become one of the most expensive places in Rhode Island to purchase a home, with many residents there due to familial ties that go back many years. The combination of expense and history has contributed to a lack of overall diversity and may give rise to an impression of an air of exclusion.
- **Growing Concern:** Widespread agreement on the extent of the [housing affordability] problem.

- **Examples of community care:** Organizations that help seniors age in place by doing grocery shopping or providing rides to doctor’s appointments, as well as solving community needs through local philanthropic support.
- **Agricultural Identity:** While agricultural identity figured largely for all those interviewed and was generally acknowledged as a source of pride and history, the barriers it represents in creating more housing that is affordable to a wider variety of residents was clear to all. The Little Compton Agricultural Trust (LCAT) is strongly supported, and it was invoked several times as a possible resource or model for how to achieve more housing.
- **Agile/Aggressive Development Strategies:** Housing Trust needs to be able to act immediately when those rare opportunities arise that would produce the kind of housing that is needed and also in keeping with the town’s geography and identity.
- **Unique Needs of Rural Communities:** General agreement that the state’s laws and both state and federal sources of funding do not work for rural places.
- **Public Participation:** Suggestions for public meetings, a housing forum, and more education generally, including a manual that would help to establish a “common baseline” from which to work.
- **Next Steps:** Further work could also include research of the tax assessment list, municipal ordinances, and the structure of the Housing Trust.

Survey Findings

Below are key points made in the presentation to the LCHT. **The full report from Qualtrics is attached.**

Participation:

- **Tenure:** ACS estimate of Owner/Renter is 79 percent / 21 percent (versus the 90 percent / 8 percent split here). This shows that the survey missed a good chunk of renters, which is of special interest as they may be more likely to be the demographic that needs more affordable housing of all types.
- **Age of respondents:** Over half of all respondents (58 percent) were sixty years of age or older, with those aged 45-59 represented 23 percent of those who participated. In part, this is reflective of both growing demographic shifts in the state and in Little Compton as well as overall survey trends in those who typically take the time to respond. However, it also points to the need to do additional outreach to younger individuals and families so that all viewpoints are captured.
- **Respondents’ Income:** Those who participated in the survey were generally higher earners, with 76 percent earning over \$60,000.

Survey Results:

- Concerns by Respondents:
 - Zoning should strike a balance between maintaining open space/preservation with areas that allow for denser, clustered housing development.
 - There is an overall feeling of frustration with the preponderance of “McMansions” that aren’t occupied year-round.
 - Rein in short-term rentals

- There are number of respondents that stand by letting the market dictate what is affordable or not and fervently believe the town has no business in “interfering” with the market.

Of 293 total responses to “Are you or anyone you know ‘having problems’ with housing?”

- 126 Yes responses (43%)

Of the 122 Yes responses that offered a reason:

- 93% mentioned “finding/staying in a home here” as one or more of their problems
- 21% mentioned “affording essential monthly expenses” as one or more of their problems

- Accessory Dwelling Units in Little Compton: An emerging trend to tackle the housing affordability crisis is by building new and creative housing types. Accessory Dwelling Units (ADUs) are one such housing type that has gained traction in Rhode Island, with recent enabling legislation seeking to make it easier for property owners to build these more affordable homes on their lot. Survey results showed that respondents were actually quite interested in and open to creating ADUs in Little Compton. Considering the aging population in Little Compton, ADUs are a viable way for older adults to downsize, thereby increasing the stock of single family homes in town.

Of 242 responses:

- 56% (135) said “maybe”
- 30 households provided contact information!
- 5 more said “yes” to contact, but didn’t provide information

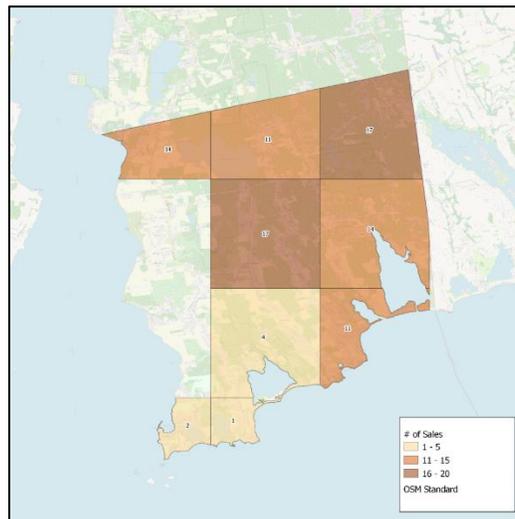
- Respondents’ Attitudes towards Housing: The following table displays how respondents feel about housing-related statements. Notably, respondents overwhelmingly agree that the town needs to find more ways to build more affordable housing options and do not think that there are sufficient housing options.

| Statements | Agree | Disagree | Maybe |
|---|-------|----------|-------|
| The town needs to find more ways to build more and different types of homes that are affordable to a wider range of people who want to live here. | 66% | 18% | 16% |
| Funding sources need to change to allow for the kinds of homes already here. | 43% | 23% | 34% |
| There already are sufficient choices of homes and apartments for those who work here or would choose to live here. | 13% | 78% | 9% |
| There are housing needs in town, but it is not up to the town to solve. | 16% | 64% | 20% |

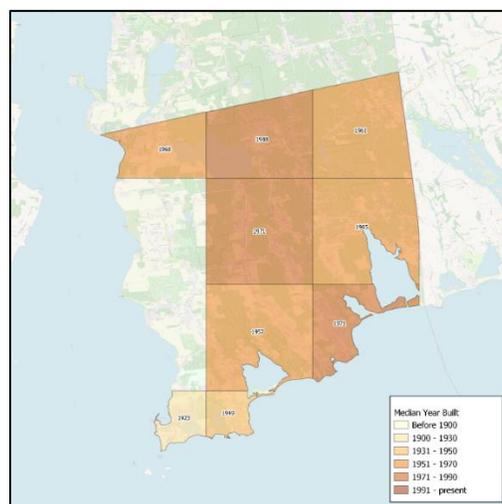
Analysis of Real Estate Transactions

Overview of Little Compton: 92 real estate transactions in LC from 2018-2021. Of these transactions, 87 (or 95%) were single family homes. The median single family home price was \$369,737. The average square footage of single family homes sold was 1,469. Using the median single family home price and average square footage, homes sold during this period went for approximately \$248 per square foot. All relevant figures are adjusted to 2021 dollars.

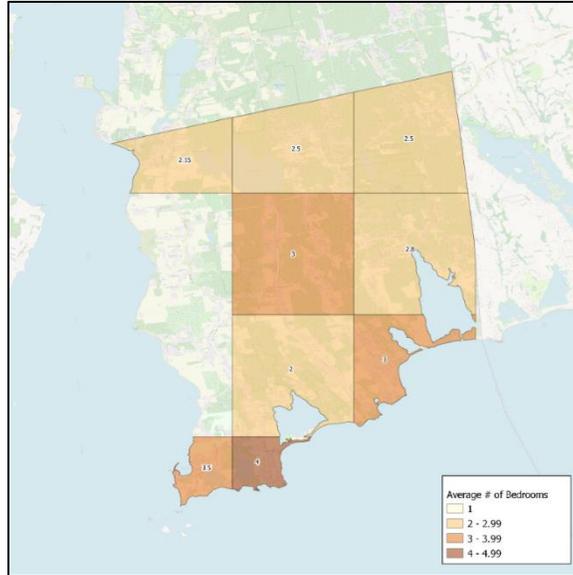
Number of Sales: Even with combining four years' worth of real estate transactions, there were pockets of the town that experienced little to no sales. This makes identifying trends and takeaways fairly difficult for those sectors that experienced lower rates of sales. Most sectors had sales that ranged from 11-17 over the four-year time period, with the hottest markets in the central and northeast sectors.



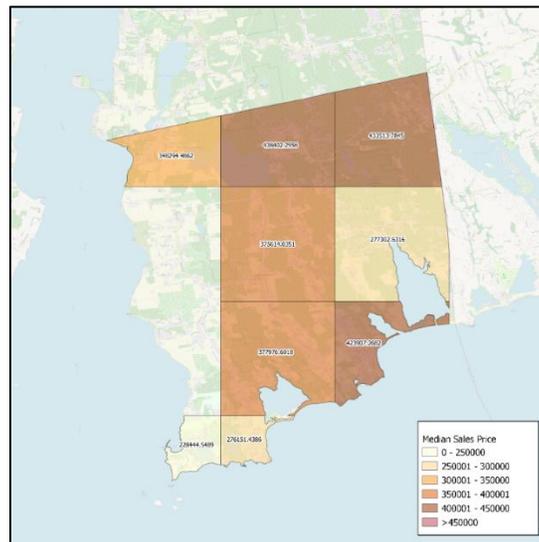
Age of Sales: The age of homes sold during the study period were actually quite a bit newer than what is typical for Rhode Island. The median age of all sales in Little Compton from 2018-2021 is 1970. It's important to not conflate the age of sales with the age of all housing stock in Little Compton, but as age of housing is often a proxy for healthy housing and housing condition as a whole, it is an important metric to consider.



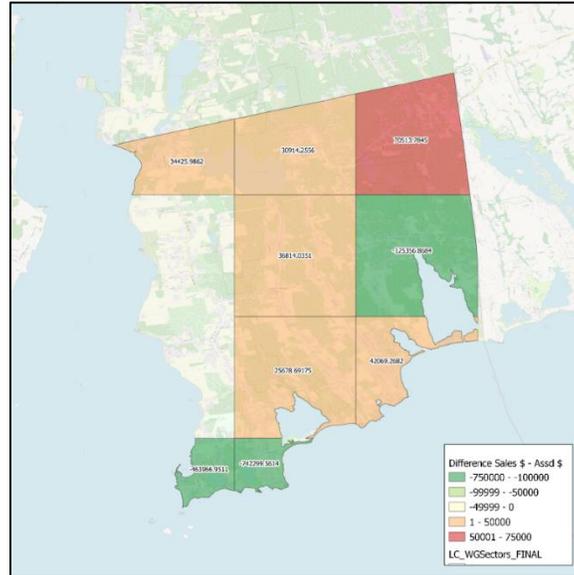
Number of Bedrooms: It's important to consider bedroom size as a proxy for occupancy or occupant capacity. The average number of bedrooms for sales during the 2018-2021 sales period town-wide is 2.7 bedrooms. The central sector and southeast sector both have a higher bedroom size and those sectors at the southernmost point of town typically have the most bedrooms.



Median Sales Price: This map shows the median sales price in each sector. Interestingly, those northern sectors have some of the highest sales prices in town, though they typically have less bedrooms. The southeast sector also has a higher median sales price. There are only four sectors whose median sales price is under the town-wide median and two of those sectors have two or fewer sales in the four-year period.



“Value” Purchases: As a means for understand the value of sales with respect to the assessed value, the following map displays the difference (either in the negative or positive) between the median assessed value and the median sales price. In this map, red signifies a price much higher than assessed value, the orange color represents sales that are \$1-\$50k higher than assessed value, and green sectors are those sectors whose sales price was below the assessed value (keeping in mind those southernmost sectors with very few sales).

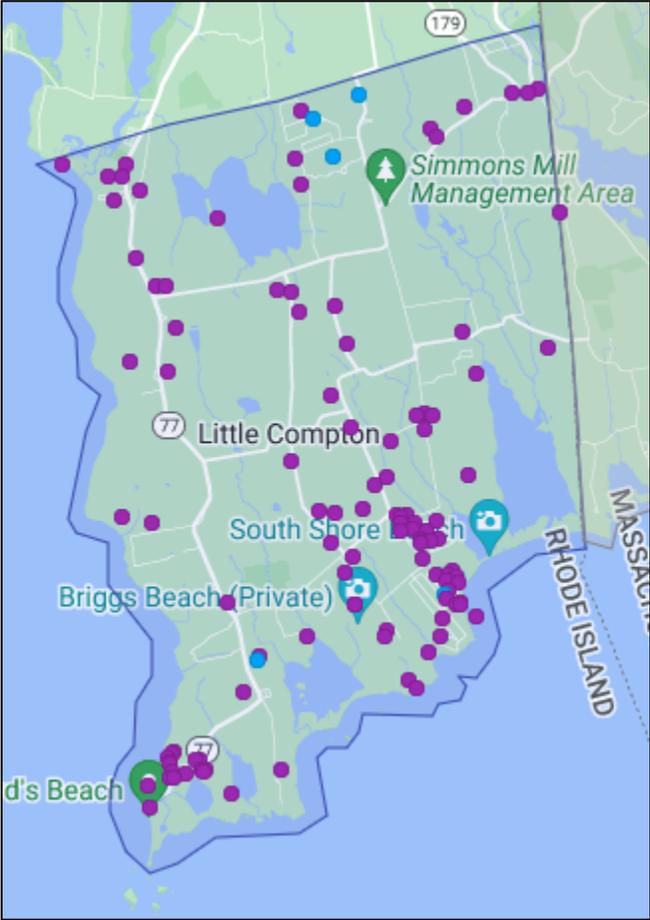


Short-term Rentals

Like many coastal communities in Rhode Island, Little Compton has experienced the proliferation of short-term rentals amongst its housing stock. It’s important to note that the numbers represented in this section are for the current period and do not reflect the numbers of short-term rentals active in the town during peak warmer months.

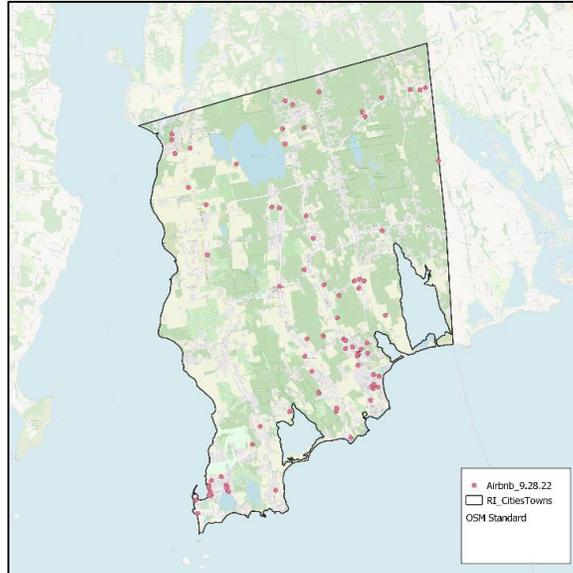
AirDNA Data: According to AirDNA, a rental investment tool which shows all short-term rentals (Airbnb, VRBO, etc.), there are 106 active rentals, of which 96% are rental for the entire home (as opposed to a room within a home). Short-term rentals in the town go for, on average \$395 per night, providing an average monthly revenue of \$4,800. There is also 11 percent quarterly growth of short-term rentals in town.

The below clipping from AirDNA shows that larger concentrations of short-term rentals are in the southern parts of town, with more even distribution of rentals elsewhere.

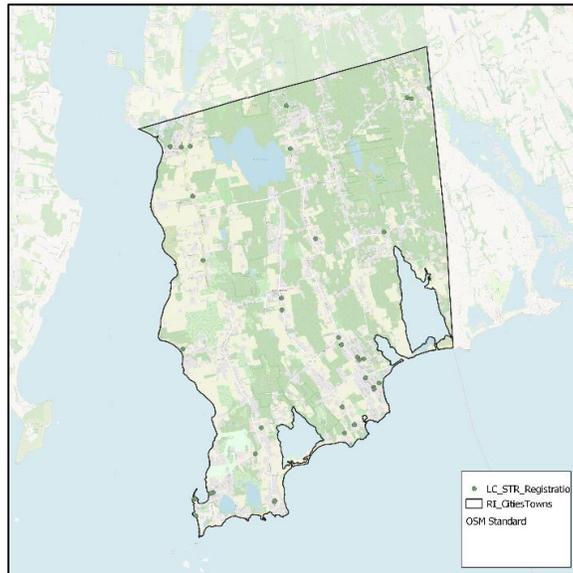


(AirDNA data accessed 11/30/2022)

InsideAirbnb Data: InsideAirbnb’s Airbnb scraping data, which is done quarterly, shows that there were 81 active listings in Little Compton on 09/28/2022. The distribution is very similar to what is shown by AirDNA’s data, which more Airbnbs in the southern half of town. Again, this data represents *only* Airbnb rentals and not short-term rentals listed on other platforms.



RI Department of Business Regulation Data: As of 11/30/22 there were only 39 short-term rentals registered with the Department of Business Regulation’s short-term rental registry. That represents less than half of the current rentals in Little Compton.



Resources for Best Practices & Recommendations

In considering recommendations for ways in which Little Compton could advance the creation of more homes that are affordable to those who live and work in the town, HousingWorks RI regarded both the rural nature of Little Compton, especially the importance of its agricultural character, and the significant prices of its real estate. Moreover, we are considering housing affordability more broadly than that which is defined by state statute as low- and moderate-income housing or contributing to the town’s share clear of “10%”, which requires that a home remain affordable for no less than 30 years.

It is clear from stakeholder interviews and survey results that a significant portion of residents are concerned about the ability of younger families to make Little Compton a place to raise their children or for older adults to continue to live.

According to estimates by US Census and HUD, there are approximately 400-500 households in town that spend more than the recommended 30 percent of their gross income on housing. This cost burden may impact not only quality of life, but safety and health. The range of incomes by household size of what are considered low-to-moderate are included in the chart below:

| FY2022 Rhode Island Income Limits for Low- and Moderate-Income Households (Incomes over 80% AMI are calculated based on HUD 2008 income limits policy) | | | | | | | | |
|--|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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% | \$20,300 | \$23,200 | \$26,100 | \$29,000 | \$32,470 | \$37,190 | \$41,910 | \$46,630 |
| 50% | \$33,850 | \$38,700 | \$43,550 | \$48,350 | \$52,250 | \$56,100 | \$60,000 | \$63,850 |
| 60% | \$40,620 | \$46,440 | \$52,260 | \$58,020 | \$62,700 | \$67,320 | \$72,000 | \$76,620 |
| 80% | \$54,150 | \$61,900 | \$69,650 | \$77,350 | \$83,550 | \$89,750 | \$95,950 | \$102,150 |
| 100% | \$68,320 | \$78,080 | \$87,840 | \$97,600 | \$93,400 | \$100,350 | \$107,250 | \$114,200 |
| 115% | \$77,860 | \$89,010 | \$100,160 | \$111,200 | \$120,170 | \$129,030 | \$138,000 | \$146,860 |
| 120% | \$81,240 | \$92,880 | \$104,520 | \$116,040 | \$125,400 | \$134,640 | \$144,000 | \$153,240 |

There are a number of planning resources that address best practices for housing production in rural areas. The focus of most of these practices include the use of increased density in the most appropriate places and the reuse of existing and/or public buildings. A few of these publications are:

- [Essential Smart Growth Fixes for Rural Planning, Zoning, and Development Codes, US EPA \(2012\)](#)
- [Providing Well-Placed Affordable Housing in Rural Communities, Smart Growth America \(2017\)](#)
- [Enabling Better Places: A Zoning Guide for Vermont Neighborhoods, Congress of New Urbanism \(2020\)](#)

Options for increased density in rural settings include the promotion of a diversity of housing types, including accessory dwelling units (ADUs) for smaller households and the use of newer technologies like modular and manufactured building, which reduce cost by size, construction, and energy use.

HousingWorks RI was unable to find similar resources for best practices that offer solutions to the combination of Little Compton’s rural character and significantly high property and housing values. While use of increased density could alleviate some of this gap, it alone is not sufficient to make those prices achievable for purchase at affordable levels.

Ultimately, substantial financial resources are needed to bridge the gap between current values and affordability to family households with incomes under \$100,000 or single-person or smaller households with incomes under \$50,000-\$60,000.

As noted in the stakeholder interviews, there is a need for the Little Compton Housing Trust to be able to react quickly to those few properties that may represent opportunities for the creation of more needed homes. There may also be opportunity for the Trust to work with the Agricultural Trust in creatively thinking about how they may mutually support each other's work.

There are a handful of Rhode Island municipalities that have sought to establish their own funds to augment what is provided by other sources, including Charlestown, which passed a \$1M housing bond and Barrington, which capitalized their fund with a charitable donation. As mentioned in the Executive Summary, Little Compton is most like New Shoreham in its unique combination of rural character and expensive land costs. There, the Housing Board is working aggressively with their Town Planner to try to pass more aggressive use of accessory dwelling units and create rental homes, especially for town workers, in various places.

Beyond these examples and recommendations, Little Compton's greatest resource may be its knowledgeable and committed residents. It is clear that many residents want to ensure the town's vitality and promise of community life for generations to come. Community members and elected officials should engage in serious discussions of what it will take to ensure the financial resources needed to create the homes that are needed.