

Issue Brief

Neighborhood Opportunities Program



What Is the Neighborhood Opportunities Program?

The Neighborhood Opportunities Program (NOP), established in 2001, is a unique State-funded program that subsidizes the cost of affordable housing in Rhode Island.

The impetus behind NOP, the first State-funded program for affordable housing in Rhode Island, was a white-hot housing market that brought new attention to the issue of housing affordability. Recognizing that existing subsidies to create new units of affordable housing were not sufficient to bring rents down to a level affordable to Rhode Island's very low-income families and those with disabilities, and noting a steady increase in homelessness, the General Assembly authorized \$5 million in initial funding for NOP during the 2001 legislative session.

After four years of funding NOP annually at the \$5 million level, the General Assembly increased funding to \$7.5 million in 2005; annual funding has remained at this level over the past three years.

How Does NOP Work?

Before the implementation of NOP, most grants for affordable housing in Rhode Island funded *development* costs only—that is, the cost of creating new affordable housing units. These grants filled an important need: they allowed

rents to be set below market value, so that Rhode Islanders earning about 60 percent of median income could afford to live in the resulting units. But, taken alone, these grants were not enough to allow building owners to set rents at levels affordable to very low-income families or those with disabilities, who earn less than 40 percent of median income. At the same time, programs targeted to that population had long waiting lists. As a result, many of these Rhode Islanders were forced into an untenable choice, between their home and other necessities like food and medicine.

NOP helps to fill this population's need for affordable housing. To do so, NOP has adopted an innovative approach: in addition to providing development funding, NOP provides funding to cover the difference between the rental cost affordable to very low-income Rhode Islanders (generally 30 percent of their income) and the cost to owners of actually *operating* the rental unit. Essentially, NOP funding allows rents to be set at a level that is both affordable for renters and sustainable for owners.

NOP funding is awarded for the acquisition, construction, and rehabilitation of affordable homes by the Housing Resources Commission through a competitive process.

Why NOP Matters

The dearth of affordable housing in Rhode Island remains a critical problem. Over the past six years, however, **NOP**

has played an instrumental role in growing the stock of affordable housing for those in greatest need, at the lowest end of the income ladder—those whom other housing subsidies had failed to reach.

In addition to broadening the reach of affordable housing, NOP's innovative financing approach—focusing on both development and operating costs—has proven an extremely effective and efficient tool. Because it guarantees a stable income over a number of years—rare for rental properties—NOP's operating subsidy has helped many developments to leverage private dollars and earn tax credits. And NOP-financed housing has provided some

tenants with the opportunity to find stable and better-paying work—increasing their income and, in turn, reducing NOP's operating subsidy.

Beyond the numbers, beyond the dollars and cents, NOP's most important contribution has been to better the lives of thousands of Rhode Islanders. NOP funding has helped many homeless individuals and families move off the street and out of shelters into stable homes; prevented others from becoming homeless in the first place; stretched limited family incomes so that more can be spent on essentials like food and medicine; and helped develop facilities that provide services, like job training, that contribute to productive lives.

NOP resources are administered through three different funds, as described below.

Permanent Supportive Housing

The NOP Permanent Supportive Housing Fund finances the development and operation of supportive housing units affordable for **disabled families and individuals who are homeless or in danger of homelessness**. Rents are set at 30% of Supplemental Security Income (SSI), or \$205,

whichever is higher. To date, the Permanent Supportive Housing Fund has committed more than \$10.5 million to the production and operation of 266 housing units. PSHF financing has leveraged an additional \$39 million in public and private funding.



Permanent Housing at the Family Center, Providence

Total NOP funding: \$345,310

Total NOP units: 5

Crossroads RI's Family Center, a renovated former funeral parlor on Broad Street, provides emergency shelter. Additionally, the Center features permanent supportive housing through five NOP-funded apartments for homeless families in which an adult member has a disability. This is a unique population group that Crossroads RI had previously struggled to house.



Corliss Institute, Warren

Total NOP funding: \$160,000

Total NOP units: 3

The Corliss Institute owns this house on Main Street in Warren, which is home to six people who are deaf and have other disabilities. Residents of the three NOP-funded bedrooms on the first floor share a living room and kitchen. Corliss provides round-the-clock staffing.

Family Housing

The NOP Family Housing Fund produces rental housing affordable for **families working at the minimum wage**. Rents are set at 30 percent of income, or \$385, whichever is higher. To date, the Family Housing Fund has committed

more than \$13 million to the production and operation of 306 housing units. FHF financing has leveraged an additional \$188 million in public and private funding.



Williams Woods, Providence

Total NOP funding: \$369,600

Total NOP units: 5

Williams Woods offers 65 affordable rental units on the site of the former Rogers Williams Homes, a public housing project that was demolished in the 1980s. Sponsors include the Providence Housing Authority, Family Housing Development, and Winn Development Corporation.



Factory Street, Cumberland

Total NOP funding: \$277,680

Total NOP units: 6

Once home to generations of 19th century mill workers, the Lonsdale Historic District was revitalized by Valley Affordable Housing. This former mill village in Cumberland now offers 32 homes.

Building Better Communities

The NOP Building Better Communities Fund revitalizes neighborhoods through **first-time homeownership opportunities, mixed housing and commercial development, and community revitalization development**. NOP funding is allocated for construction costs only. To date, the

Building Better Communities Fund has committed more than \$12.9 million to the production of 394 housing units. BBC financing has leveraged an additional \$140 million in public and private funding.



Callaghan Gardens, Pawtucket

Total NOP funding: \$450,000

Total NOP units: 9

The Pawtucket Citizens Development Corporation (PCDC) continues its revitalization of the Barton Street neighborhood with 14 townhouses at Callaghan Gardens. The homes, which were developed with green building techniques, are being sold to first time homebuyers earning around 80% of the median income.

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What Has NOP Accomplished?

In six years, NOP has committed over \$36.5 million toward the creation—acquisition, new construction, and rehabilitation—of 966 affordable housing units, leveraging more than \$366 million in additional, non-NOP funding. When implemented, NOP was projected to produce 1,000 affordable housing units over 10 years; with its next round of funding, NOP will hit the 1,000-unit mark, three-and-a-half years ahead of its goal.

NEXT ISSUE BRIEF

Housing and the economy:
How affordable homes make
the local economy stronger