



CHAPTER~~20~~21-21

No. 251 AN ORDINANCE AMENDING CHAPTER 21 "REVENUE AND FINANCE", OF THE PROVIDENCE CODE OF ORDINANCES, TO ADD ARTICLE XVII, "THE PROVIDENCE TAX STABILIZATION INVESTMENT ACT"

EFFECTIVE June 1, 2021

Be it ordained by the City of Providence:

WHEREAS, Under Article 13, Section 5 of the Rhode Island Constitution, the General Assembly retains exclusive power over matters relating to municipal taxation. Notwithstanding, and pursuant to Rhode Island General Laws § 44-3-9, the General Assembly has authorized the City of Providence, acting through its City Council and subject to certain enumerated conditions, to exempt or determine a stabilized amount of taxes to be paid on account of real and personal property for a period not to exceed twenty (20) years; and

WHEREAS, The City of Providence City Council had passed Council Resolutions 2014-552, 2014-553, and 2014-554 recommending best practices and implementation of processes which would improve transparency, simplify and streamline the application process, and create a system of tax stabilization which would protect the City's interests while incentivizing development; and

WHEREAS, The City of Providence intends to increase the pace of economic development, and thereby increase the city's tax base, it is vital that city provide property developers, entrepreneurs and investors with a predictable tax phase-in plan that will encourage investment in Providence. It is therefore in the public interest to develop a set of clear criteria for eligibility for tax stabilization, as well as a defined long-term plan to bring a project to full taxation;

Now Therefore, Be it ordained by the City of Providence:

Section 1. Chapter 21, "Revenue and Finance," is hereby amended to add Article XVIII, "The Providence Tax Stabilization Investment Act" as follows:

SUB-ARTICLE I. - REAL PROPERTY TAX STABILIZATION PROGRAM

SECTION 1. SCOPE

As of the effective date of this Ordinance, except for Category IV projects as defined in Section 3(B)(iv) below, all Tax Stabilization Agreements granted in the City of Providence shall be formed in accordance with the terms herein.

SECTION 2. DEFINITIONS.

"Eligible Property" shall mean all real property together with any and all buildings, structures, and/or improvements now or in the future located in the City of Providence and which are subject to a qualifying new construction or rehabilitation project as outlined in Section 3 below.

"Property Owner" shall mean any entity with a recorded legal or equitable right and/or interest in and/or to the Property, including any and all successors and assigns.

“Applicant” shall mean the Property Owner at the time an application is filed with the Tax Assessor’s Office in accordance with Section 5 of this Sub-Article, or the Property Owner’s respective past, present and future subsidiaries, affiliates, officers, directors, shareholders, members, principals, trustees, agents, employees, servants and representatives, and the past, present and future subsidiaries, affiliates, officers, directors, shareholders, members, principals, trustees, agents, employees, servants and representatives, heirs, personal representatives, successors and assigns of any and all of the foregoing.

“City of Providence” or “City” shall mean that municipal corporation established and organized pursuant to the General Laws of the State of Rhode Island and the City of Providence Home Rule Charter of 1980, as amended in accordance with Article XIII of the Rhode Island Constitution.

“Providence City Council” or “City Council” shall mean the legislative body of the City of Providence (defined above) established pursuant to Article IV of the City of Providence Home Rule Charter of 1980, as amended.

“Event of Default” shall mean any occurrence after the Effective Date (defined below) of non-compliance or violation of the terms and provisions of this Ordinance, whether affirmative or by omission, negligent or willful, for any or no reason. Technical default or substantive default shall be handle in the same matter.

“Effective Date” shall mean the date upon which a tax stabilization agreement is executed in contract form and ratified by a resolution of the Providence City Council.

SECTION 3. ELIGIBLE PROJECT.

Section 3.A. Grant. The City Council may grant a real property tax stabilization program for Eligible Properties where granting the stabilization will inure to the benefit of the City of Providence by reason of:

- (i) the willingness of a manufacturing or commercial concern to locate in the City; or
- (ii) the willingness of a manufacturing firm to expand facilities with an increase in employment or the willingness of a commercial or manufacturing concern to retain or expand its facility in the City and not substantially reduce its work force in the City; or
- (iii) an improvement of the physical plant of the City which will result in a long-term economic benefit to the City and state; or
- (iv) an improvement which converts or makes available land or facility that would otherwise be not developable or difficult to develop without substantial environmental remediation; or
- (v) the willingness of a manufacturing or commercial or residential firm or property owner to construct new or to replace, reconstruct, convert, expand, retain or remodel existing buildings, facilities, machinery, or equipment with modern buildings, facilities, fixtures, machinery, or equipment resulting in an increase or maintenance in plant, residential housing or commercial building investment by the firm or property owner in the City.

Notwithstanding anything contained in this Sub-Article, or anything other law, a tax stabilization agreement authorized under R.I.G.L. §44-3-9 and formed pursuant to this Sub-Article shall be afforded only to Eligible Property who pay the commercial tax rate.

Section 3.B. Qualifying New Construction or Rehabilitation. New Construction or Rehabilitation Projects must first meet the conditions set forth in Sections 3.A. and 3.B. above, and in addition fall into one of the following categories:

- (i) **Category I** - Certified project development costs for construction or rehabilitation are more than \$250,000.00 and less than or equal to \$3,000,000.00.
- (ii) **Category II** - Certified project development costs for construction or rehabilitation are more than \$3,000,000.00 and less than or equal to \$10,000,000.00.
- (iii) **Category III** - Certified project development costs for construction or rehabilitation are more than \$10,000,000.00 and less than or equal to \$50,000,000.00.
- (iv) **Category IV** - Certified project development costs for construction or rehabilitation are more than \$50,000,000.00.

SECTION 4. TAX STABILIZATION.

Section 4.A. Stabilization Terms and Plans. Under no circumstances shall the amount of tax to be paid under an Agreement formed pursuant to this Sub-Article in year one of any stabilization term be less than the amount of taxes paid for that property in the year before the Agreement becomes effective. For each category of Eligible Projects, as defined in Section 3(B) above, the Providence City Council establishes corresponding stabilization terms and plans as follows:

- (i) For Category I Projects, a five (5) year stabilization term is established. During the tax stabilization term, the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax, is as follows: for the first tax year of the stabilization term, the Property Owner shall make a tax payment equal to the then-current assessment value set by the Tax Assessor ("Base Assessment") multiplied by the then-current tax rate (hereinafter the "Base Assessment Tax"). For each tax year thereafter, the Property Owner will pay the Base Assessment Tax plus a percentage of the taxes due and owing on the difference between the Base Assessment and then-current assessed value of the Property multiplied by the then-current rate. See "Category I Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Appendix A.
- (ii) For Category II Projects, a ten (10) year stabilization term is established. During the tax stabilization term, the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows: for the first two (2) tax years of the stabilization term, the Property Owner shall make a tax payment equal the then-current assessment value set by the Tax Assessor ("Base Assessment") multiplied by the then-current tax rate (hereinafter the "Base Assessment Tax"). For each tax year thereafter, the Property Owner will pay the Base Assessment Tax plus a percentage of the taxes due and owing on the difference between the Base Assessment and then-current assessed value of the Property multiplied by the then-current rate. See "Category II Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Appendix B.
- (iii) For Category III Projects, a fifteen (15) year stabilization term is established. During the tax stabilization term, the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows: for the first three (3) tax years of the stabilization term, the Property Owner shall make a tax payment equal to the then-current assessment value set by the Tax Assessor ("Base Assessment") multiplied by the then-current tax rate (hereinafter the "Base Assessment Tax"). For each tax year thereafter, the Property Owner will pay the Base Assessment Tax plus a percentage of the taxes due and owing on the difference between the Base Assessment and then-current assessed value of the Property multiplied by the then-current rate. See "Category III Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Appendix C.

- (iv) For Category IV Projects, a twenty (20) year stabilization term is established. During the tax stabilization term, the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows: for the first five (5) tax years of the stabilization term, the Property Owner shall make a tax payment equal to the then-current assessment value set by the Tax Assessor ("Base Assessment") multiplied by the then-current tax rate (hereinafter the "Base Assessment Tax"). For each tax year thereafter, the Property Owner will pay the Base Assessment Tax plus a percentage of the taxes due and owing on the difference between the Base Assessment and then-current assessed value of the Property multiplied by the then-current rate. See "Category IV Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Appendix D. Applicants may submit an application in accordance with Section 5 of this Sub-Article and such agreement will be subject to the terms and conditions of this Sub-Article as it would otherwise apply to Category IV Projects. Alternatively, Applicants with a Category IV Project may file an application with the Tax Assessor's Office for a "Special Legislative Tax Stabilization Agreement" and said agreement's terms will be ordained by a separate Ordinance of the Providence City Council in accordance with R.I. Gen. Laws § 44-3-9.
- (v) The City Council shall have the sole discretion to increase the number of Base Assessment Years in each Category found in this section by one (1) year and therefore decreasing the number of years over which the taxes will increase towards full taxation following the stabilization term in each Category established herein; however, this sub-section in no way intends to extend any of the stabilization terms of any Category.
- (vi) Notwithstanding anything mentioned in this Sub-Article, the Providence Code of Ordinances, as amended, or any other provision of law, the stabilization terms found in this Section 4.A. shall not be extended for any reason whatsoever, and a Property Owner's execution of an agreement formed under this Sub-Article is evidence of assent thereto. This Section 4.A.v. shall in no way preclude either the Property Owner or the Property from obtaining additional tax stabilization agreements formed pursuant to this Sub-Article, if a new project for rehabilitation or new construction is proposed for such further tax stabilization agreement.

Section 4.B. Stabilization Plan Requirements Applicable to all Category Projects. The following provisions shall apply to all stabilization plans regardless of the Category Project for which it is granted:

Section 4.B.i. Payment Deadlines. During the tax stabilization terms as defined in Section 4.A. above and in accordance with the tax stabilization plan outlined therein, stabilized tax payments shall be made in either a lump sum during the first quarter of the applicable tax year or in equal quarterly installments at the discretion of the Property Owner. If the Property Owner elects to make quarterly installments, each quarterly installment shall be due on the same date that quarterly taxes are due for all other taxpayers in the City of Providence.

Section 4.B.ii. Obligation of Property Owner to Make Payment. During the tax stabilization term as defined in Section 4.A. above and in accordance with the tax stabilization plan outlined therein, stabilized tax payments shall be an obligation of the Property Owner.

Section 4.B.iii. Non-Receipt of Stabilized Tax Bill. Failure by the City to send or failure by the Property Owner to receive a stabilized tax bill does not excuse the nonpayment of the stabilized tax nor affect its validity or any action or proceeding for the collection of the tax in accordance with this Ordinance, an Agreement formed hereunder, or otherwise.

Section 4.B.iv. Recording of Agreement, Running with Land. Upon the execution of an Agreement formed hereunder, the Property Owner shall cause said Agreement (or a notice thereof) to be recorded at its expense in the City's official public land evidence records. This recording shall be construed to provide a complete additional alternative method under contract law for the securitization of payments due and owing under such an Agreement and shall be regarded as supplemental and in addition to the powers conferred by other state and local laws.

SECTION 5. APPLICATION PROCEDURE, APPROVAL, AND DRAFTING.

Section 5.A. Application. Every person or entity shall file an application for stabilization with the Office of the City Tax Assessor and the Providence City Clerk's Office. Said form applications shall be provided by the Tax Assessor. Applications shall include the following items before they can be considered complete or reviewed:

- (i) An affidavit disclosing all related individuals or entities of the Property Owner which could constitute those individuals or entities referenced in the definition of Applicant under Section 2 of this Sub-Article.
- (ii) Completed conceptual plans approved by the Department of Planning and Development evidencing the construction or rehabilitation;
- (iii) Explanation of the short-term and long-term benefits to the City of Providence from the Eligible Project;
- (iv) Statement on the increase in employment in the City of Providence as a result of the Eligible Project;
- (v) Affidavit that no building permits related to the Eligible Project have been pulled as of the date on which the application is submitted (Demolition Permits may be pulled prior to applying for an agreement under this Sub-Article);
- (vi) Executed Affidavit from Prime/General Contractor or CPA certifying the construction or rehabilitation costs showing that the Eligible Project fits into one of the Categories as defined in Section 3(B); and
- (vii) A Non-refundable filing fee of one-tenth and two-hundredths of one percent (0.12%) of the estimated project development costs.

Notwithstanding anything contained herein Section 5.A., the City Council may request additional or supplemental information prior to ratifying an Agreement formed in accordance with this Ordinance.

Section 5.B. City-wide Departmental Review. The Office of the City Tax Assessor, after in receipt of a completed application, shall forward copies of the application to the following departments: Planning and Development, Public Works, Inspection and Standards, Tax Collector, and Licensing. Copies shall also be sent to the City Council, the Office of the Mayor, and the City Solicitor's Office.

Section 5.B.i. Inspection and Standards. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the Director of Inspection and Standards shall certify in writing to the Tax Assessor that neither the Eligible Property nor the Applicant are subject to any open code, building, or zoning violations nor do they have any outstanding fines or liens for any such violations.

Section 5.B.ii. Public Works. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the Director of Public Works shall certify in writing to the Tax Assessor that neither the Eligible Property nor the Applicant are subject to any open violations nor do they have any outstanding fines or liens for any such violations.

Section 5.B.iii. Planning and Development. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the Director of Planning and Development shall certify in writing to the Tax Assessor whether or not the Applicant is the recipient of other forms of financial assistance from the City, and if so, whether the Applicant is current with loan payments and/or other financial obligations to the City as a result of such assistance. Any deficiencies identified herein must be resolved prior to the granting of a stabilization plan hereunder.

Section 5.B.iv. Tax Collector. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the City Tax Collector shall certify in writing to the Tax Assessor that neither the Eligible Property nor the Applicant are deficient in any taxes due and owing to the City. Also, the Tax Collector must request from the Applicant and forward with its certification a confirmation from the Rhode Island State Department of Revenue that neither the Eligible Property nor the Applicant are deficient in any taxes due and owing to the State. Any deficiencies identified herein must be resolved prior to the granting of a stabilization plan hereunder.

Section 5.B.v. Licensing. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the Director of Licensing shall certify in writing to the Tax Assessor that neither the Eligible Property nor the Applicant are subject to any outstanding judgments, fines, or fees handed out by either the Board of Licensing or the Department of Licensing. Any outstanding obligations identified herein must be resolved prior to the granting of a stabilization plan hereunder. Furthermore, approval under this Sub-section or the execution of an agreement formed pursuant to this Sub-Article shall in no way guarantee that the Property Owner or a tenant of the Property will be approved for a license from the Department of Licensing or the Board of Licensing. Said licenses shall be afforded pursuant to Chapter 14 of the Providence Code of Ordinances, as amended.

Section 5.B.vi. City Solicitor. Within ten (10) business days of receipt of a completed application from the Tax Assessor's Office, the Office of the City Solicitor shall certify in writing to the Tax Assessor that neither the Eligible Property nor the Applicant are involved in adverse litigation with the City nor that they have a legal demand directed toward the City.

Should any of the departments mentioned in Section 5.B. fail to certify in writing within ten (10) business days their approval or disapproval of the application submitted to the Tax Assessor, it shall be deemed approved. The City Council, prior to ratification, may seek certification from said department who failed to certify during the initial time period outlined herein Section 5.B.

Section 5.C. Approval of Application and Setting Base Assessment. Upon receipt of all writing certifications from the departments mentioned in Section 5(B) above, and after resolution of all deficiencies and outstanding obligations as identified therein, the Tax Assessor shall set the Base Assessment of the Eligible Property seeking a stabilization plan. Under no circumstances, shall the Base Assessment be less than the then-current assessment of the Eligible Property at the time of the submission of the application. Once the Base Assessment is set, the Tax Assessor shall forward a copy of the application, all certifications, comments, a fiscal note indicating the approximate amount of tax that the City will forego during the term of the tax stabilization agreement, and his/her certification that the application is complete to the Office of the City Solicitor.

Section 5.D. Drafting of Agreement. Within fifteen (15) days of receipt of all documents from the Tax Assessor as mentioned in Section 5(C) above, the Office of the City Solicitor shall draft an agreement outlining a stabilization plan in accordance with this Ordinance and the terms of the application as approved.

Section 5.E. Council Review. Upon completion of drafting, the Office of the City Solicitor shall forward the agreement (in contract form) accompanied by a resolution authorizing and adopting the same to the City Council President or his/her designee for introduction. Notwithstanding anything in this Ordinance, should a department fail to act within the time limits prescribed in Section 5(B) through 5(D), any member of the City Council may submit a copy of said application, an agreement based on said application, and a resolution ratifying the agreement to the City Council for introduction.

Notwithstanding anything mentioned in this Sub-Article, the first five (5) agreements formed hereunder where new construction or rehabilitation project development costs are more than \$50,000,000.00 and which project is located in the I-195 District or the Capital Center District shall not require approval of the City Council or Mayor.

SECTION 6. ADDITIONAL REQUIREMENTS FOR STABILIZED PROJECTS.

Section 6.A. Commencement of Performance. Unless otherwise provided for in an agreement executed pursuant to this Ordinance, construction or rehabilitation shall commence within twelve (12) months and shall obtain a Certificate of Occupancy from the Department of Inspections and Standards within thirty-six (36) months of the effective date of said agreement. Property Owner/Applicants who fail to meet either of these deadlines will be required to retroactively pay the difference between their actual stabilized tax payments and what they would have paid if ineligible for the specified tax considerations. The owner may, twelve (12) months prior to the applicable deadline, submit a request to the city council for approval of an extension to such applicable deadline

Section 6.B. Permits and Certificates of Occupancy. Property Owner/Applicant shall obtain all permits and certificates of occupancy as required by state and local law in connection with any and all intended construction or rehabilitation.

Section 6.C. MBE/WBE. Where found to be applicable and for any of the terms of the stabilization period as defined in Section 4.A. above, the Property Owner afforded the stabilization of taxes as described herein shall comply with any and all requirements under Chapter 21 Article II Section 52 of the Providence Code of Ordinances as it pertains to Minority and Women Business Enterprises.

Section 6.D. Internal Revenue Service reporting. Except as provided under R.I.G.L. § 28-42-8, any person performing services at the Eligible Property shall annually receive either a W-2 statement or an IRS Form 1099.

Section 6.E. First Source. Where found to be applicable and for any of the terms of the stabilization period as defined in Section 4.A. above, the Property Owner afforded the stabilization of taxes as described herein shall enter into a First Source Agreement with the Director of First Source Providence in accordance with Chapter 21 Article III1/2 of the Providence Code of Ordinances, including at least one (1%) percent of the total amount of discounted taxes to be directed to the first source trust fund, per Section 21-95.

Section 6.F. Equal Employment. Where found to be applicable and for any of the terms of the stabilization period as defined in Section 4.A. above, the Property Owner afforded the stabilization of taxes as described herein shall work with the City's Office of Human Resources, Division of Equal Employment Opportunity to ensure the City's goals to prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin are met. Moreover, the Property Owner will take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability.

Section 6.G. "Buy Providence" Initiative. Where found to be applicable and for any of the terms of the stabilization period as defined in Section 4.A. above, the Property Owner afforded the stabilization of taxes as described herein shall use best efforts to ensure that construction materials are purchased from economically competitive and qualified vendors located in the city of Providence. In furtherance of this effort, the project site owner will work with the city to develop a list of Providence vendors and subcontractors in order to create a preferred vendor list of qualified and economically competitive vendors for the construction of the project. Furthermore, once the project site owner constructs the development, the project site owner will use good faith efforts to conduct ongoing business with and provide preference to economically competitive and qualified Providence businesses.

Section 6.H. Apprenticeship.

Section 6.H.i. Requirement. Except for Category I Projects, as defined in Section 3(B)(i), the Property Owner shall ensure that one hundred (100) percent of the hours worked on the project shall be performed by all trade construction contractors and subcontractors who have or are affiliated with an apprenticeship program as defined in 29 C.F.R. § 29 et seq. for craft employed. Additionally, the Property Owner shall ensure that all bidding documents for the work to be performed on the Eligible Project includes express and conspicuous language evidencing the requirement found in this sub-section. As part of its contract with the construction manager and/or general contractor, the Property Owner shall require that not less than ten (10) percent of the total hours worked by the contractors' and subcontractors' employees on the project are completed by apprentices registered in the aforementioned apprenticeship programs.

As part of its contract with the construction manager and/or general contractor, the Property Owner shall, require that all contractors and subcontractors submit to the City quarterly verification reports to ensure compliance with this section. Failure to comply with or meet the requirements of this subsection shall be a material violation of the owner's obligations under this chapter.

Section 6.H.ii. Exemptions. The Property Owner, its Prime Contractor, or any other person/entity authorized by the Property Owner, may petition the City of Providence's Director of Planning and Development, or his/her designee to adjust the requirements found herein this Section 6.H to a lower percentage upon a showing that:

1. A trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract; or
2. The size and scope of the work will not allow for the contractor to comply with apprenticeship ratio requirements for the craft affected; or
3. For any other non-economic justifiable reason that demonstrates good cause.

Accompanying the petition mentioned in this sub-section, the petitioning entity must provide contemporary evidence of the efforts taken to comply with this section, including but not limited to the bidding and responsive documents for the scopes of work for which the petitioning entity is seeking an exemption.

Section 6.I. Project Compliance.

Any and all tax stabilization agreements granted pursuant to this Ordinance shall in no way confer that the underlying project (construction or rehabilitation) is either compliant with the Providence Zoning Ordinance or has received the necessary approvals from the Historic District Commission, the Downtown Design Review Committee, the Capital Center Commission, the City Plan Commission, the Zoning Board of Review, or the I-195 Redevelopment Commission (as applicable). Default under an agreement executed pursuant to this Ordinance for failure to receive one or more of the above-mentioned approvals shall not entitle an applicant to a refund of their application fee.

Section 6.J. Prohibited and Restricted Uses.

Section 6.J.i. Prohibited Uses. Notwithstanding the eligibility requirements found in Section 3 of this Sub-Article, nor any other provision in the Providence Code of Ordinances or the Rhode Island General Laws to the contrary, the following uses, as defined by Chapter 27 of the Providence Code of Ordinances, shall not be permitted a tax stabilization agreement formed pursuant to this Sub-Article:

1. Adult use, including adult bookstore/retail, adult arcade, adult cabaret, adult motion picture theater, and adult hotel/motel;
2. Compassion center/cultivation center;
3. Contractor storage yard;
4. Fraternity/sorority;
5. Landfill;
6. Materials processing of scrap metal;
7. Storage yard-Outdoor; and
8. The following Retail Uses:
 - a. Gun Stores
 - b. Payday Lending
 - c. Check-cashing Operations

Section 6.J.ii. Restricted Uses. Notwithstanding the eligibility requirements found in Section 3 of this Sub-Article, nor any other provision in the Providence Code of Ordinances or the Rhode Island General Laws to the contrary, if any the following uses, as defined by Chapter 27 of the Providence Code of Ordinances, exceeds twenty-five percent (25%) of the usable square footage of the project, then a tax stabilization agreement formed pursuant to this Sub-Article shall not be permitted:

1. Bar;
2. Nightclub; and
3. Retail sales of alcohol.

Section 6.K. City of Providence Parks and Recreation Trust Fund. Upon passage of this Ordinance by the Providence City Council, the Property Owner party to each tax stabilization agreement formed pursuant to this Sub-Article shall contribute to a Trust Fund established by the City of Providence, of which the Treasurer shall be the trustee. The Fund shall be identified as the "City of Providence Parks and Recreation Trust Fund." The Board of Park Commissioners shall establish regulations pertaining to the disbursement of funds.

Section 6.K.i. Payments to the Fund. The Property Owner shall make annual payments to the Fund in the amount of seven percent (7%) of the estimated total of taxes abated (as shown in the Tax Assessor's Fiscal Note in Section 5.C) amortized over the term of the tax stabilization agreement. Notwithstanding anything mentioned in this sub-section, the Property Owner shall pay the following amounts in the Fund annually in the tax years in which the Property Owner pays a base assessment tax: (1) for Category II Projects Property Owners shall pay \$1,000.00 each tax year; (2) for Category III Projects Property Owners shall pay \$1,500.00 each tax year; and (3) for Category IV Projects Property Owners shall pay \$2,500.00 each tax year. Said annual payments will be payable within thirty (30) days of receipt of an invoice for the same from the Office of the Tax Assessor. If, for any reason, this Ordinance is retroactively revoked, payments to the fund shall remain and will not be forfeited due to a default.

Section 6.K.ii. Investment and Distribution of the Fund. The trust fund will be invested by the Board of Investment, and an annual distribution of the investment shall be used to provide funds to the Department of Parks and to the Department of Recreation for capital improvements in neighborhood parks and recreation centers. Said annual distribution shall not supplant any funds that are provided to the Department of Parks and the Department of Recreation through the operating budget. The aggregate amount of the distribution in any individual year shall not exceed four percent (4%). Distributions may never exceed the earnings in the year of distribution or reduce the corpus of the fund. The first distribution from the fund shall not occur until the fifth year after the first payment to the fund has been made.

Section 6.L. Affordable Housing Trust. Pursuant to City of Providence Ordinance Chapter 2019-91 No. 355, as amended (the "Trust Ordinance"), ten percent (10%) of revenues collected annually from all Tax Stabilization Agreements shall be transferred and deposited into the Providence Housing Trust Fund.

Section 6.M. Payment of Area Standard Wages. All construction workers shall be paid in accordance with the wages and benefits required by R.I. Gen. Law § 37-13-1 et seq. and all contractors and subcontractors shall file certified payrolls on a monthly basis to the Department of Planning with the same information required by R.I. Gen. Law §37-13-1 et. seq. Not paying any worker in accordance with this section shall constitute a material violation of this ordinance and/or a material breach of the developer's agreement with the City and the City or City Council shall have the discretion to initiate the Default Notice and Cure provisions outlined in Section 11 of this Ordinance. This section shall not apply to Category I and Category II projects.

Section 6.N. Post Construction Jobs. Applicants for any Tax Stabilization Agreement under this Ordinance shall be eligible for tax relief provided in the agreement, provided that the applicant commits that, effective 180 days following the issuance of a certificate of occupancy, the applicant will maintain a wage for all employees at the project subject to tax stabilization of at least twice the United States Department of Health and Human Services Federal Poverty Guideline for a family of three (3), divided into an hourly wage at forty (40) hours per week, fifty-two (52) weeks per year, provided that up to five dollars (\$5.00) per hour of this wage requirement may be offset dollar-for-dollar by any payments the employer makes to fund the employee's health care or retirement, and provided further that any provision of this subsection may be waived by a clear and unmistakable waiver in an unexpired collective-bargaining agreement. This section shall not apply to Category I and Category II projects.

SECTION 7. TRANSFER OF PROPERTY.

Section 7.A. Transfer Generally. Stabilized tax payments shall be an obligation of the Property Owner during any of the tax stabilization terms as defined in Section 4.A. above and in accordance with the tax stabilization plan outlined therein, without regard to any transfer of the Property. Additionally, in accordance with Section 4.B.iv, the burdens and benefits of this Agreement will run with the land, and as for payment of taxes shall run in favor of the City regardless of any transfer of ownership. The Property Owner must provide prior written notice to the City before any transfer of the Property so that the City may make a determination, in its sole discretion, as to whether or not a stabilization agreement formed pursuant to this Ordinance will continue.

Section 7.B. Transfer to Tax Exempt Entities. In the event that the Property Owner transfers the Property to a tax-exempt entity, any stabilization agreement formed pursuant to this Ordinance shall be void ab initio and any entity holding an equitable or legal interest in the Eligible Property on or after the effective date of any such agreement shall be jointly and severally liable for the full taxes due and owing from said Effective Date forward.

Section 7.C. Post-Expiration Transfers. In the event that any Property Owner transfers a stabilized Eligible Property to a tax-exempt entity within five years from the end of any tax stabilization term, as defined in Section 4.A. above, any and all Property Owners will pay the following: five percent (5%) of the sale price in said transfer if sold to a tax-exempt entity in the first year following the end of the term; four percent (4%) of the sale price in said transfer if sold to a tax-exempt entity in the second year following the end of the term; three percent (3%) of the sale price in said transfer if sold to a tax-exempt entity in the third year following the end of the term; two percent (2%) of the sale price in said transfer if sold to a tax-exempt entity in the fourth year following the end of the term; and one percent (1%) of the sale price in said transfer if sold to a tax-exempt entity in the fifth year following the end of the term.

SECTION 8. ANNUAL PROGRESS REPORT.

Section 8 A. Reporting Generally: The Property Owner shall provide monthly reports to the City Council, or the Council's designee, and in such instance that the property subject to the Agreement formed hereunder is within the jurisdiction of the I-195 Commission then the Commission as well, on its progress in complying with the provisions of any agreement formed pursuant to this Ordinance.

Section 8 B. Reporting Requirements: The reporting format shall be determined and provided by the City Council of Providence in its sole discretion to document construction-based employment information and demographics related to the terms of this ordinance. If the Property Owner, its developer and/or other person/entity authorized by the Property Owner, does not timely submit their monthly reports to the City Council, or its designee, the City Council or its designee shall notify the Property Owner. The Property Owner shall have ten (10) days thereafter to provide the information to the City or its designee. The project site owner, the director of planning and development, the director of first source, and a representative of the third-party entity monitoring apprenticeship requirements shall annually report to the city council on progress in complying with the provisions of this ordinance, including but not limited to, sections 4 and 6.

Specifically, its report shall include a performance report on construction or rehabilitation with evidence of final construction costs, status of stabilized tax payments, and evidence of compliance with Section 6 above. Upon receipt and review, the City Council may require and request additional information.

SECTION 9. SEVERABILITY.

If any one or more subsections of this Ordinance shall for any reason be adjudged unconstitutional or otherwise invalid, the judgment shall not affect, impair, or invalidate the remaining sections or subsections.

SECTION 10. APPLICABLE LAW.

This stabilization program established herein and any agreements formed pursuant to this Ordinance shall be construed under the laws of the State of Rhode Island, the City of Providence Home Rule Charter, and the City of Providence Code of Ordinances, as amended.

SECTION 11. DEFAULT NOTICE AND CURE.

Upon presentation of evidence suggesting a possible Event of Default (as defined in Section 2 above), the City Solicitor shall provide written notice to the Property Owner of such potential Event of Default ("First Notice") and notify the Property Owner that it shall have sixty (60) days, from the date the Notice herein is sent by the City Solicitor, to cure any Event of Default under an Agreement formed pursuant to this Ordinance ("Initial Cure Period"). If said Event of Default is not cured within the Initial Cure Period, then the City Solicitor shall notify the Property Owner in writing ("Second Notice") that the Agreement is terminated and that a bill will be sent out by the Tax Assessor sixty (60) days from the date of the Second Notice. Said bill will be for the abated taxes to date and those amounts including, but not limited to, any amounts of taxes due and owing but not paid, interest, penalties, assessments, and fees associated therewith ("Delinquency Bill").

The Property Owner may petition the City Council in writing for additional time beyond the Initial Cure Period in order to cure any alleged Event of Default ("Extended Cure Period"). Once filed with the City Clerk, a petition requesting an Extended Cure Period will toll the time period between the Second Notice and the issuance of the Delinquency Bill until the petition is either approved, denied, or withdrawn. An indefinite continuance shall constitute a denial. Notwithstanding, anything contain herein, in the event that the City Solicitor does not issue the First Notice and upon presentation of evidence suggesting a possible Event of Default, pursuant to Article IV Section 401(d) of the City of Providence Home Rule Charter of 1980, as amended the Providence City Council hereby authorizes the City Council President or his/her designee to hire outside counsel to proceed on behalf of the City of Providence under this Section 11.

SUB-ARTICLE II. - [RESERVED]

Section 2. The City Tax Assessor shall develop and promulgate rules and regulations which shall guide the implementation of this Ordinance.

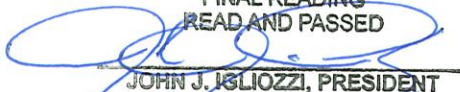

Section 3. This Ordinance shall be effective upon passage by the Providence City Council, approval by the Mayor, or operation by law.

Section 4. Upon passage of this Ordinance, the following sections of the Providence Code of Ordinances shall not be repealed and preserved: Chapter 21, Articles VIII, XVI, and XVII. All stabilization ordinances and agreements already effective or for which completed applications have been accepted prior to passage of this Ordinance shall remain effective and the terms thereof shall not be disturbed by the passage of this Ordinance.

IN CITY COUNCIL
MAY 06 2021
FIRST READING
READ AND PASSED

 CLERK

IN CITY
COUNCIL
MAY 20 2021
FINAL READING
READ AND PASSED


JOHN J. ISLIOZZI, PRESIDENT
 CLERK