

CHAPTER 2016-1

**No. 1 AN ORDINANCE IN AMENDMENT OF THE 2015 PROVIDENCE
NEIGHBORHOOD REVITALIZATION ACT**

Approved January 13, 2016

Be it ordained by the City of Providence:

SECTION 1. Chapter 21, "Revenue and Finance," Article XVII, "Providence Neighborhood Revitalization Act for Commercial and Multi-Family Residential Property" is hereby amended as follows:

Sec. 21-271. Authorization and Purpose.

- (a) *Authorization.* The city council has the authority, under Section 44-3-9 of the General Laws of the State of Rhode Island, as amended, to exempt from tax payment, in whole or in part, real and personal property which has undergone environmental remediation, is historically preserved, or is used for affordable housing, manufacturing, commercial, or residential purposes, or to determine a stabilized amount of taxes to be paid on account of the property, notwithstanding the valuation of the property or the rate of tax.
- (b) *Purpose.* The city recognizes that in order to stabilize neighborhoods, vacant, and/or underutilized properties must be returned to productive use. The purpose of this article is to provide the city with a tool to promote and encourage the use of vacant and/or underutilized property through new construction or rehabilitation of qualifying properties for residential and commercial purposes. In order to advance investment in identified neighborhoods, it is vital that the city provide property developers, entrepreneurs and investors with a predictable tax phase-in plan. It is therefore in the public interest to develop a set of clear criteria for eligibility for a neighborhood revitalization tax stabilization incentive, as well as a defined plan to bring a project to full taxation.

Sec. 21-272. Eligible Properties.

Eligible properties shall include new construction (excluding land acquisition costs) or the rehabilitation of commercial, mixed-use, or multi-family residential property of between \$250,000 and \$3,000,000 in an opportunity neighborhood.

Eligible properties shall include properties located in commercial corridors that abut or are contiguous with opportunity neighborhoods.

Abutting and contiguous properties within an opportunity neighborhood may be considered a single project for purposes of qualifying for a tax stabilization under this ordinance.

Sec. 21-273. Definitions.

"Commercial Corridor" means C-1, C-2, C-3, or RP zones, as depicted on the official zoning map.

"Opportunity Neighborhood" means the following neighborhoods, with boundaries as indicated on the map attached hereto as Exhibit A: Charles, Elmwood, Federal Hill, Fox Point, Hartford, Lower South Providence, Manton, Mount Hope, Mount Pleasant, Olneyville, Reservoir, Silver Lake, Smith Hill, South Elmwood, Upper South Providence, Valley, Wanskuck, Washington Park, West End.

Sec. 21-274. Criteria

The director of department of inspections and standards and the director of the department of planning and development shall determine whether the subject properties or projects meet the minimum eligibility requirements in accordance with Section 21-271, Sec. 21-272, and Sec. 21-275. Owners of eligible properties and projects are required to begin construction within twelve (12) months and to complete construction within twenty-four (24) months of the effective date of

the subject stabilization agreement. For the purposes of the foregoing sentence, a temporary certificate of occupancy shall be sufficient. Owners of properties and projects that fail to meet any of these deadlines will be required retroactively to pay the difference between their actual stabilized tax payments and what they would have paid if ineligible for the specified tax considerations (unless an extension of such applicable deadline is approved by the city council).

Sec. 21-275. Tax Considerations.

The assessed tax payments and stabilization period upon the date of enactment of a project's stabilization agreement shall be according to the following options.

(a) New construction of at least \$250,000, or the rehabilitation of commercial or residential property with a cost of construction the greater of (1) \$250,000 or (2) fifty-percent (50%) of the assessed property valuation prior to construction. Total cost of project, whether new construction or rehabilitation shall not exceed \$3 million. The assessed tax payments upon enactment will be frozen at the base tax for the first year of the term. The assessor shall issue a bill beginning in the second tax year after the commencement date, based upon the property's valuation at that time. Tax payments will be calculated as a percentage of the total tax at the annual tax rate, with a phased-in schedule, as shown below. The city assessor shall assess the project upon issuance of a certificate of occupancy by the department of inspection and standards.

Year	Schedule
1	Base Tax
2	Base Tax + 20% of increase to assessed valuation
3	Base Tax + 40% of increase to assessed valuation
4	Base Tax + 60% of increase to assessed valuation
5	Base Tax + 80% of increase to assessed valuation
6	Full Taxation

Sec. 21-276. Transfer of exempt or stabilized property.

Tax benefits for eligible properties shall be transferable to new owners or tenants, but the duration of the tax consideration period shall not be extended (unless otherwise approved by the city council). In the event that the tax stabilized property becomes exempt from real estate taxes during the term of tax stabilization through conveyance, or otherwise, to a real estate tax exempt entity, the tax stabilization agreement shall be void ab initio with owners of tax stabilized properties being liable for full taxes retroactively to the execution date of the tax stabilization agreement.

In the event that a project owner transfers a project site to a tax exempt entity within the five year period immediately following the expiration of this Ordinance, the Project Owner agrees to pay a percentage of the sale price to the City of Providence as follows: five percent (5%) of the sale price if the Project Site is sold to a tax exempt entity in the first year following expiration; four percent (4%) of the sale price if sold to a tax exempt entity in the second year; three percent (3%) of the sale price if sold to a tax exempt entity in the third year; two percent of the sale price if sold to a tax exempt entity in the fourth year; one percent (1%) of the sale price if sold to a tax exempt entity in the fifth year.

Sec. 21-277. Forms and procedures.

The city assessor, together with the director of the department of planning and development, shall develop standardized forms and additional procedures consistent with this ordinance, as they deem necessary and proper to effectuate the terms and provisions of this ordinance. The procedure for eligible properties under this section shall be as follows:

- (a) No person shall be entitled to any exemption herein authorized without first filing an application for tax stabilization with the office of the city assessor. The application shall include the program of building, alterations and/or improvements to be made. The applicant shall include a statement outlining measures to comply with the Code of Ordinances, and a statement regarding the hiring of Minority and Women Business Enterprises (MBE/WBE) pursuant to Section 21-52 of the Code of Ordinances. No application shall be considered unless:
- (1) The application is filed prior to the issuance of the certificate of occupancy;
 - (2) The applicant certifies that the investment of new construction (excluding land acquisition costs) meets the minimum required value of \$250,000 or that the rehabilitation of commercial or multi-family residential meets the minimum cost of construction the greater of a) \$250,000 or b) fifty-percent (50%) of the assessed property valuation prior to construction;
 - (3) The application includes a compliance plan demonstrating how the applicant will fulfill each of its community benefit responsibilities as outlined in Sec. 21-278.
 - (4) A fiscal note prepared by the department of finance or the internal auditor is attached to the application, comparing the proposed project's "true tax" and the estimated tax to be paid under the terms of the tax stabilization agreement
 - (5) A nonrefundable application fee in the amount of 0.1 percent of the estimated cost of the project is to be paid to the city;
- (b) Within fifteen (15) days of receipt of a completed application (together with the application fee), the city assessor shall forward a copy of such application to the director of department of inspections and standards, city collector, and director of the department of planning and development for their respective review; and
- (c) The director of department of inspection and standards shall review the application to determine whether any violations of the provisions of the building code of the city exist with respect to the subject property of the applicant and any other property in the city owned by the applicant. If no violations exist, he or she shall certify the fact to the city assessor within fifteen (15) days. If violations do exist, within said fifteen (15) days, he or she shall forward a statement to the city assessor and the applicant specifying the nature and extent of the violations. No exemptions granted hereunder shall be effective unless and until any and all such violations have been cured. Within the same fifteen (15)-day period, the director of department of inspections and standards shall issue a letter to the city assessor (with a copy to the applicant) stating whether the project will involve the substantial rehabilitation of an eligible property, and whether the proposed construction has received the necessary approvals from the Historic District, the DOWNCITY Design Review Committee, the Capital Center Commission, the City Plan Commission or the Zoning Board of Review (as applicable).

The applicant shall have thirty (30) days from its receipt of written notice (or copy of notice to the city assessor) to cure any outstanding violations or other matters which serve as a valid basis (in accordance with this subsection (b) for the building official not approving the subject application. Failure by the applicant to effectuate such cure(s) within said thirty (30) day period shall result in the city assessor removing the subject application from the assessor's list as an incomplete application. Nothing shall prohibit the subject property owner from re-applying for tax consideration.

(d) The city collector shall review the city tax records to determine whether all taxes (together with interest and penalties) which are due and owed to the city with respect to the property to which the exemption may apply, and all other property in the city owned by the applicant, have been paid. If no deficiency exists, the city collector shall certify that fact to the city assessor within fifteen (15) days. If deficiencies do exist, within said fifteen (15) days, he or she shall forward a statement of the amounts due and the properties involved to the city assessor and the applicant. No exemption granted hereunder shall be effective unless and until any and all taxes together with interest and penalties remaining unpaid and due and owed to the city assessed on such property have been paid in full to the city.

The applicant shall have thirty (30) days from its receipt of written notice (of copy of notice to the city assessor) of a deficiency or deficiencies to pay any and all amounts due to the city. Failure by the applicant to make such payment(s) within said thirty (30) day period shall result in the city assessor removing the subject application from the assessor's list as an incomplete application. Nothing shall prohibit the subject property owner from re-applying for tax consideration.

Should, during the duration of the tax consideration period, tax payments established by the terms of this agreement become delinquent, the city collector shall – if the property owner is eligible - to secure a tax payment plan with the property owner that will bring all taxes and interest current within twelve (12) months in duration. Should the property owner not agree to said payment plan or adhere to the schedule and requirements of the payment plan, the tax stabilization agreement will be suspended and the property will revert to full taxation for the period in which the taxes are delinquent.

(e) The director of the department of planning and development shall review the application to determine whether it satisfactorily addresses the requirements in Section 21-278. If no material deficiency exists, the director of the department of planning and development shall certify that fact to the city assessor within fifteen (15) days. If a material deficiency exists, the director of the department of planning and development, within said fifteen (15) days, shall forward a statement to the city assessor and the applicant specifying the nature and extent of the material deficiency.

The applicant shall have thirty (30) days from its receipt of written notice (or copy of notice to the city assessor) to cure any material deficiency noted by the director of the department of planning and development. Failure by the applicant to resolve such material deficiency within said thirty (30) day period shall result in the city assessor removing the subject application from the assessor's list as an incomplete application. Nothing shall prohibit the subject property owner from re-applying for tax consideration.

The director of the department of planning and development shall confirm that the applicant is not the recipient of other forms of financial assistance from the city.

NOTE: Steps (b), (c), (d), and (e) shall be performed concurrently

(f) Within fifteen (15) days following the receipt of the statements from the director of department of inspections and standards, city collector, and director of department of planning and development, the assessor will review the application and, if the foregoing requirements set forth in Section 21-277 (a-d) have been met (as evidenced by the required certifications and determinations of the assessor, director of department of inspections and standards, city collector, and director of department of planning and development, as more particularly set forth above).

(g) The city solicitor shall prepare a tax stabilization agreement with the applicant pursuant to, and upon the terms set forth in this ordinance. Within fifteen (15) days following the receipt of documentation from the assessor, the city solicitor shall submit the stabilization agreement and application, along with all documents, forms, and statements required in (a), (b), and (c) of this subsection, to the city council, for review as to form only. Review and official receipt by the city council shall be completed within thirty (30) days of city solicitor's transmittal to the city council, unless the city council finds a material deficiency in the application or associated documents.

(h) All tax stabilization agreements shall contain a provision providing that the receipt of the tax stabilization benefits shall be contingent upon the project receiving the necessary approvals from the Historic District Commission, the City Plan Commission, the Zoning Board of Review, or the I-195 Redevelopment Commission acting as any or all of these boards or commissions (as applicable). The director of the department of planning and development shall provide to the city solicitor confirmation of approval, and any and all benefits shall be withheld under such approvals are granted.

(i) All tax stabilization agreements shall include a monitoring/compliance fee in the amount of 0.01 percent of the cost of the project is to be paid annually for the term of the agreement to the city.

Sec. 21-278. Employment and Contracts.

(a) Construction.

- (1) MBE/WBE. The Project Site Owner shall make a good faith effort to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 31-14.1 ("MBE Act") no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with the rules and regulations promulgated pursuant to MBE Act). The Project Site Owner shall make a good faith effort to award to Women Business Enterprises (WBEs) no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with Section 21-52 of the Code of Ordinances of the City of Providence). The Project Site Owner will request the City MBE/WBE office to establish a list of qualified MBE/WBE companies in order to satisfy its MBE/WBE construction goals. In this manner, the City will assist the Project Site Owner in meeting said goals. The process of participating with the MBE/WBE office shall begin upon passage in order to develop a designated MBE/WBE subcontractor list which will encourage MBE/WBE participation and joint ventures with other members with the construction industry.
- (2) Internal Revenue Service reporting. Except as provided under Rhode Island General Laws § 28-42-8, any person performing services at the Project Site shall annually receive either a W-2 statement or an IRS Form 1099.
- (3) First Source List. Pursuant to the City of Providence First Source Ordinance, the Project Site Owner shall enter into a First Source Agreement covering the hiring of employees necessary to complete the proposed Project and throughout the term of the tax stabilization agreement. The Project Site Owner shall work in conjunction with the Director of First Source Providence to develop the First Source Agreement. The owner shall also make a good faith effort to employ Rhode Island and Providence residents for any and all positions not included in its First Source obligations, as well as ensure that any general contractor/construction manager and all subcontractors utilized also make good faith efforts to employ Rhode Island and Providence residents for any and all positions not included in their First Source obligations.
- (4) "Buy Providence" Initiative. The Project Site Owner will use good faith 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.

- (5) In the event that there shall be a failure to comply with this Section 21-278 (a), the Department of Planning and Development shall have standing to seek enforcement of this provision of the ordinance in the Rhode Island Superior Court. The Department shall also have the ability to impose a fine of \$500.00 per day for each day of non-compliance with this section.
- (d) Permanent Employment. In conjunction with its efforts pursuant to this Section and its ongoing efforts to provide equal employment opportunity without regard to race, color, religion, natural origin, sex, age or handicap, the Project Site Owner shall liaise with the City and with the Director of First Source Providence to assist in the recruitment of qualified minority, women, and handicap applicants as well as those on the First Source List for all of its employment positions.
- (e) Reporting. The Project Site Owner shall annually report to the City Council on its progress in complying with the provisions of this Ordinance, including but not limited to, Section 21-278.

Sec. 21-279. Ineligible Properties.

- (a) Any property or project that includes a use prohibited by Chapter 27, "Zoning," of the Code of Ordinances shall be ineligible for a tax stabilization. Additionally, any property or project that has any of the following uses, as defined by Chapter 27, "Zoning," of the Providence Code of Ordinances, shall be ineligible under this ordinance:
- (1) Adult use, including Adult Bookstore/Retail, Adult Arcade, Adult Cabaret, Adult Motion Picture Theater, and Adult Hotel/Motel;
 - (2) Amusement/Entertainment/Sports Facility – Indoor (Pool Hall);
 - (3) Apartment Dormitory;
 - (4) Bar;
 - (5) Compassion Center/Cultivation Center;
 - (6) Contractor Storage Yard;
 - (7) Fraternity/Sorority;
 - (8) Landfill;
 - (9) Live Entertainment – Ancillary Use;
 - (10) Live Performance Venue;
 - (11) Materials Processing;
 - (12) Nightclub;
 - (13) Retail Sales of Alcohol;
 - (14) Storage Yard – Outdoor;
- (b) Any property or project that includes a businesses holding a "check casher" license under Chapter 19-14.4 of the Rhode Island General Laws, shall be ineligible under this ordinance.

Sec. 21-280. Revocation.

The city council shall terminate an exemption granted hereunder prior to the expiration thereof in the event of fraud or misrepresentation by an applicant regarding any statements or representations contained in the application.

Sec. 21-281.

The Project Site Owner and the City of Providence agree that the Project Site Owner retains the right to appeal the valuation or calculation of the taxes assessed from time to time.

Section 21-282. Severability.

If any one section of this Ordinance is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this Ordinance.

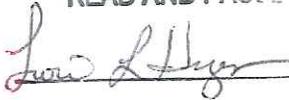
Section 21-283. Applicable Law.

This agreement shall be construed under the laws of the State of Rhode Island.

SECTION 2. This Ordinance shall become effective immediately upon passage, and shall sunset 30 months from the date of passage.

IN CITY COUNCIL
DEC 17 2015

FIRST READING
READ AND PASSED

 CLERK

IN CITY
COUNCIL

JAN 07 2016

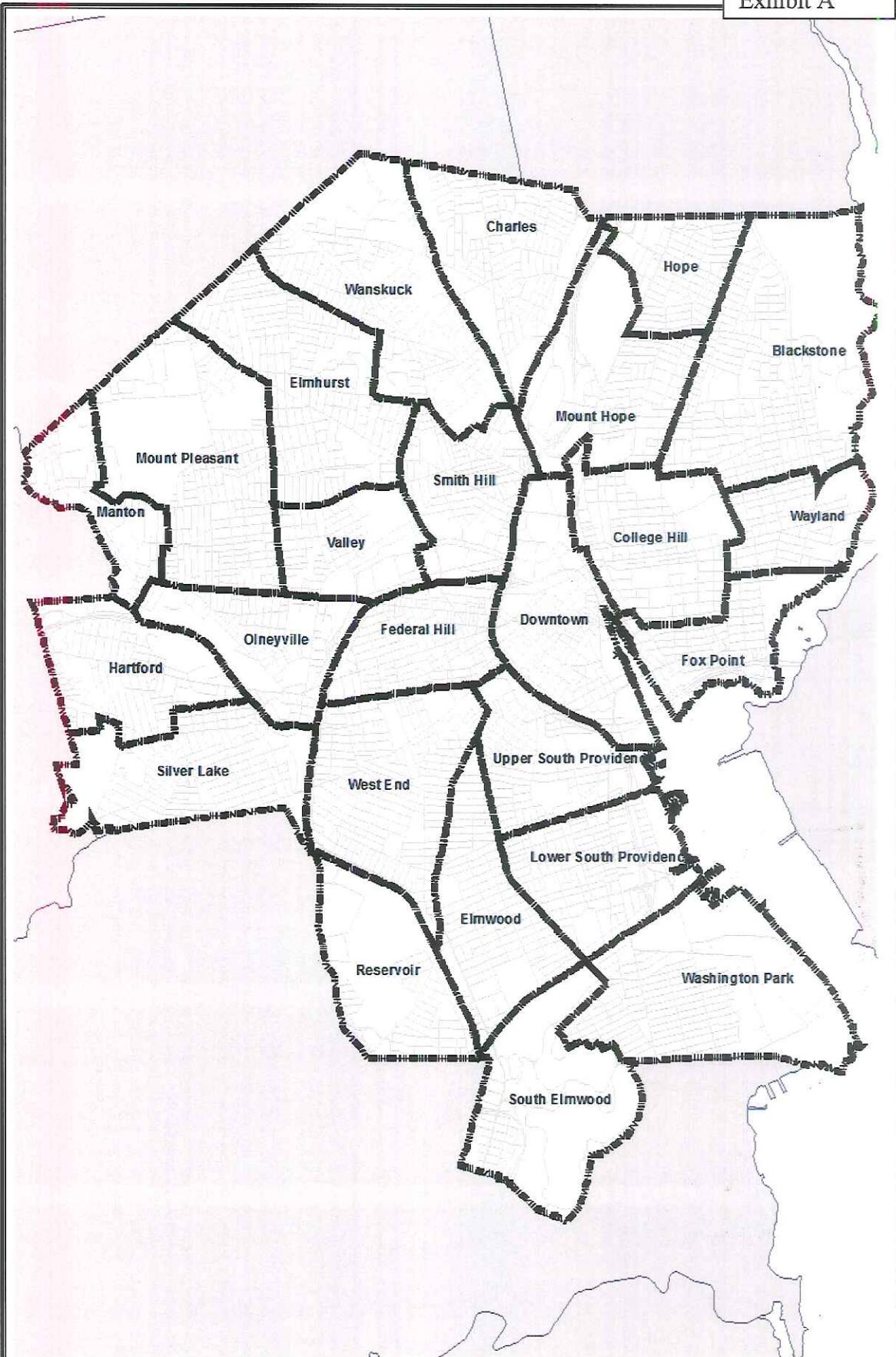
FINAL READING
READ AND PASSED

 PRESIDENT
 CLERK

I HEREBY APPROVE.



Mayor
Date: 1/13/16



<p>The information presented on this map is for general informational purposes only. It is not intended to be used as a legal document or to create any legal rights or obligations. For more information, please contact the City of Providence, Department of Planning and Development, 100 North Main Street, Providence, RI 02902.</p> <p>Date Issued: Providence City and Planning Department</p> <p>Date: 7/2022</p> <p>Map of Providence, RI City and Planning Department</p>	 <p>8</p>	  <p>Scale: 1 inch = 2,400 feet</p>	<p>NEIGHBORHOOD BOUNDARIES PROVIDENCE, RHODE ISLAND</p>  <p>PROVIDENCE THE CREATIVE CAPITAL DEPARTMENT OF PLANNING AND DEVELOPMENT JORDO D. GLOBAL MAYOR DENNIS WICKERSON AICP, DIRECTOR</p>
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