City of Providence
STATE OF RHODE ISLAND

CHAPTER 2024-14

No. 201 **AN ORDINANCE ESTABLISHING A TAX STABILIZATION AGREEMENT FOR 180 GMC, LLC**

Approved May 8, 2024

Be it ordained by the City of Providence:

WHEREAS, 180 GMC, LLC ("Project Owner") is the owner of certain real property located in the City at 180 George M. Cohan Blvd., Assessor's Plat 17, Lot 650; and

WHEREAS, Project Owner has proposed and committed to rehabilitating the former Tockwotton Home into reuse as an apartment complex; and

WHEREAS, Pursuant to Rhode Island General Laws (R.I.G.L.) § 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, Pursuant to the Providence Code of Ordinances, as amended, specifically Chapter 21, Article XVIII, the granting of the tax stabilization will inure to the benefit of the City of Providence and its residents by reason of:

(A) The willingness of Project Owner to expand their manufacturing facilities with an increase in employment;

(B) An improvement in the physical plant of the City that will result in a long-term economic benefit to the City or state;

(C) The willingness of Project Owner to construct new or to replace, reconstruct, convert, expand, retain, or remodel buildings, facilities, fixtures, machinery, or equipment, resulting in an increase or maintenance in plant, residential housing, or commercial building investment by the Project Owner.

NOW, THEREFORE, In consideration of the mutual agreements and promises set forth herein and other good and lawful consideration the receipt of which is hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS.

"Property" shall mean certain real property together with any and all buildings, structures, and/or improvements now or in the future located in the City at 180 George M. Cohan Blvd., Assessor's Plat 17, Lot 650.

"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.

SECTION 2. TAX STABILIZATION.

Section 2.1. Grant. The City, in accordance with R.I.G.L. § 44-3-9 and the City of Providence Code of Ordinances, does hereby grant a ten-year tax stabilization in favor of the Property Owner with respect to the Property.

Section 2.2. Term. The tax stabilization term ("Term") shall be the period commencing on December 31, 2023 and terminating on December 31, 2032. (Tax Years 2024-2033).

Section 2.3. Plan. During the 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 two 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 "Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Exhibit A.

Section 2.4. Payment Deadlines. During the Term 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 2.5. Obligation of Property Owner to Make Payment. During the Term and in accordance with the tax stabilization plan outlined herein, stabilized tax payments shall be an obligation of the Property Owner.

Section 2.6. 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 stabilization, an Agreement formed hereunder, or otherwise.

Section 2.7. Recording of Agreement, Running with Land. The Property Owner shall cause this stabilization and the certification in Section 9.4 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 this stabilization and shall be regarded as supplemental and in addition to the powers conferred by other state and local laws.

SECTION 3. ADDITIONAL REQUIREMENTS OF STABILIZED PROJECTS.

Section 3.1. Commencement of Performance. Construction or rehabilitation shall commence within twelve (12) months, and the Project Owner 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 Owners 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 3.2. Permits and Certificates of Occupancy. Property Owner 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 3.3. MBE/WBE. During the Term, the Property Owner 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 3.4. Internal Revenue Service reporting. Except as provided under R.I.G.L. § 28-42-8, any person performing services at the Property shall annually receive either a W-2 statement or an IRS Form 1099.

Section 3.5. First Source. During the Term, the Property Owner 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 percent (1%) of the total amount of discounted taxes to be directed to the first source trust fund, per Section 21-95.

Section 3.6. Equal Employment. During the Term, the Property Owner 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 3.7. "Buy Providence" Initiative. During the Term, the Property Owner 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 Property 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 Property Owner constructs the development, the Property Owner will use good faith efforts to conduct ongoing business with and provide preference to economically competitive and qualified Providence businesses.

Section 3.8. Apprenticeship. The Property Owner shall ensure that one hundred percent (100%) 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 subsection.

As part of its contract with the construction manager and/or general contractor, the Property Owner shall require that not less than ten percent (10%) of the total hours worked by the contractors' and subcontractors' employees on the project are completed by apprentices registered in the aforementioned apprenticeship programs. Failure to comply with or meet the requirements of this subsection shall be a material violation of the owner's obligations under this chapter.

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 in this subsection to a lower percentage upon a showing that:

(A) 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

(B) The size and scope of the work will not allow for the contractor to comply with apprenticeship ratio requirements for the craft affected; or

(C) 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 3.9. Project Compliance. This stabilization 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 any board or commission, including (but not limited to) 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).

Section 3.10. Prohibited and Restricted Uses. The following uses, as defined by Chapter 27 of the Providence Code of Ordinances, shall not be permitted on the Property during the Term: Adult use (including adult bookstore/retail, adult arcade, adult cabaret, adult motion picture theater, and adult hotel/motel), compassion center or cultivation center, contractor storage yard, fraternity or sorority, landfill, materials processing of scrap metal, storage yard (outdoor), and the retail use for gun stores, payday lending, or check-cashing operations. The following uses, as defined by Chapter 27 of the Providence Code of Ordinances, shall not exceed twenty-five percent (25%) of the usable square footage of the Property during the Term: bar, nightclub, and retail sales of alcohol.

Section 3.11. City of Providence Parks and Recreation Trust 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) amortized over the Term. Notwithstanding anything mentioned in this subsection, the Property Owner shall pay $1,000.00 in the Fund annually in the tax years in which the Property Owner pays a base assessment tax. 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 3.14. Monitoring Fee. Within thirty (30) days of receiving a statement from the Tax Assessor, the Property Owner shall remit a monitoring/compliance fee to the City in the amount of 0.01 percent of the total project costs as presented in the Property Owner's application for each respective tax year during the term of this stabilization.

SECTION 4. TRANSFER OF PROPERTY.

Section 4.1. Transfer Generally. Stabilized tax payments shall be an obligation of the Property Owner during any of the tax stabilization terms as defined in Section 2 above and in accordance with the tax stabilization plan outlined therein, without regard to any transfer of the Property. Additionally, in accordance with Section 2.7, the burdens and benefits of this stabilization 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 this stabilization will continue.

Section 4.2. Transfer to Tax Exempt Entities. In the event that the Property Owner transfers the Property to a tax-exempt entity, this stabilization shall be void ab initio and any entity holding an equitable or legal interest in the Property on or after the effective date of this stabilization shall be jointly and severally liable for the full taxes due and owning from said effective date forward.

Section 4.3. Post-Expiration Transfers. In the event that the Property Owner transfers the Property to a tax-exempt entity within five years from the end of any tax stabilization term, as defined in Section 2.2 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 5. ANNUAL PROGRESS REPORT.

Section 5.1. 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 is within the jurisdiction of the I-195 Commission then the Commission as well, on its progress in complying with the provisions of this stabilization.

Section 5.2. Reporting Requirements. The reporting format shall be 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 stabilization. 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 stabilization, including but not limited to, sections 2 and 3. 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 3. Upon receipt and review, the City Council may require and request additional information.

SECTION 6. DEFAULT.

The following events shall constitute an event of default:

(A) Failure of the Property Owner to pay any amount due under or with respect to Section 2; or

(B) Failure of the Property Owner to record a Notice of this stabilization as required by and in accordance with Section 2 or 8.4; or

(C) Failure of the Property Owner to meet any of the performance obligations set forth in Section 3; or

(D) Failure of the Property Owner to annually report as required by Section 5; or

(E) Failure of the Property Owner to notify the City in writing within thirty (30) days of the transfer of the Property; or

(F) Transfer of the Property by the Property Owner outside of the terms of this stabilization; or

(G) Failure of the Property Owner to comply with any other obligation or promise contained within any section or subsection of this stabilization; or

(H) Failure of the Property Owner to comply with all state and local law regarding building and property maintenance codes, zoning ordinances, and building and/or trade permits; or

(I) Failure of the Property Owner to remain current on any and all other financial obligations to the City of Providence.

SECTION 7. NOTICE AND CURE.

Section 7.1. Notice and Cure Period. In event of potential Default (as defined in Section 6), the City Solicitor (or outside counsel hired by the City Council) 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, to cure any Event of Default pursuant to this stabilization ("Initial Cure Period"). If said Event of Default is not cured within the Initial Cure Period, then the City Solicitor (or outside counsel hired by the City Council) shall notify the Property Owner in writing ("Second Notice") that this stabilization 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.

Section 7.2. Agreed Upon Address for Purposes of Written Notice. All notices, requests, consents, approvals, and any other communication which may be or are required to be served or given (including changes of address for purposes of notice) shall be in writing and shall be sent registered or certified mail, or by nationally recognized overnight courier (such as Federal Express or UPS) and addressed to the following parties set forth below:

If to: City of Providence
Office of the City Clerk
25 Dorrance St.
Providence, RI 02903

If to:

SECTION 8. RIGHTS AND REMEDIES.

Section 8.1. Collection of Taxes. At any time during the Term, the City of Providence may pursue any and all rights and remedies arising under any state or local law, including but not limited to R.I.G.L. Chapters 7-9 of Title 44, and/or arising under this stabilization to collect stabilized taxes due and owing in accordance with the tax stabilization plan and/or to collect any retroactive taxes.

Section 8.2. City's Lien Remedies and Rights. Nothing herein contained shall restrict or limit the City's rights and/or remedies with respect to its first priority lien for taxes as provided under Title 44 of the General Laws. Rather, this stabilization shall be construed to provide a complete additional alternative method under contract law for the collection of taxes, and shall be regarded as supplemental and in addition to the powers conferred by other state and local laws.

Section 8.3. Waiver. Failure or delay on the part of the City to exercise any rights or remedies, powers or privileges at any time under this stabilization or under any state or local law shall not constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, remedy, power of privilege thereunder.

Section 8.4. Property Owner's Rights. During the tax stabilization term as defined in Section 2.2, the Property Owner agrees to waive and forever forgo any and all of its rights and privileges under R.I.G.L. § 44-5-26 and -27, as it pertains to the Tax Payments due and owing pursuant to this stabilization, unless there is a loss of use of the Property as a result of fire, flood, earthquake, or other act of God. Nothing herein shall be construed to limit the right of the Property Owner to pursue its rights and remedies under the terms of this stabilization.

SECTION 9. MISCELLANEOUS TERMS.

Section 9.1 Severability. The sections of this stabilization are severable, and if any of its sections or subsections shall be held unenforceable by any court of competent jurisdiction, the decision of the court shall not affect or impair any of the remaining sections or subsections.

Section 9.2. Applicable Law. This stabilization 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 9.3. Entire Agreement; Amendments. This stabilization and all attachments, addenda, and/or exhibits attached hereto shall represent the entire agreement between City and the Property Owner. This stabilization shall not be modified, amended, extended or altered in any way by oral representations made before or after the execution of this stabilization. Any and all modifications, amendments, extensions or alterations must be in writing duly executed by all parties, and passed by City Council.

Section 9.4. Effective Date. This stabilization shall take effect upon passage of this Ordinance by the Providence City Council, approval by the Mayor (or the Ordinance otherwise becoming effective), and notarized execution and recordation of this Ordinance and the statement found in Exhibit B by the Property Owner and all individuals or entities with a fee or leasehold interest in the Property.

Exhibit A

Year	Percentage of Difference between Base Assessment and Current Full Value Assessment
Year 1	Base Tax
Year 2	Base Tax
Year 3	12.5%
Year 4	25%
Year 5	37.5%
Year 6	50%
Year 7	62.5%
Year 8	75%
Year 9	87.5%
Year 10	95%
Year 11	Taxation Resumes at Full Value Assessment

As a reminder, for a given tax year during the Term, the payment due is:

$$Base\ Assessment\ Tax + (\%\ above) \times (Full\ assessed\ value - Base\ Assessment) \times (Tax\ rate)$$

Exhibit B

The undersigned, their successors, descendants, subsequent purchasers, and assigns, in exchange for the benefits of the tax stabilization offered by the Providence City Council, explicitly agree to abide by and be bound by the terms of that stabilization, which is attached hereto. Without limiting the foregoing, this includes the waiver of the rights to appeal taxes as stated in Section 8.4.

IN CITY COUNCIL
APR 18 2024
FIRST READING
READ AND PASSED
Tina L. Mastroianni
CLERK

IN CITY COUNCIL
MAY 02 2024
FINAL READING
READ AND PASSED
Rachel Miller
RACHEL M. MILLER, PRESIDENT
Tina L. Mastroianni
CLERK

I HEREBY APPROVE.
Brett P. Smiley
Mayor
Date: 5/8/2024

10 Year TSA Projection

Plat 17 Lot 650

180 George M. Cohen Blvd.

Tax Year	Value	Base Tax + % of Incr.	Tax Rate	Base Tax	Phased-In Tax	Proposed Total Tax	[redacted]	Payments at Full Taxation
2024	3,054,000	Base Tax	$35.10	$107,195.40	$0	$107,195.40		$107,195.40
2025	3,054,000	Base Tax	$35.10	$107,195.40	$0	$107,195.40		$107,195.40
2026	7,569,200	Base + 12.50%	$35.10	$107,195.40	$19,810.44	$127,005.84		$265,678.92
2027	7,569,200	Base + 25.00%	$35.10	$107,195.40	$39,620.88	$146,816.28		$265,678.92
2028	7,720,584	Base + 37.50%	$35.10	$107,195.40	$61,423.91	$168,619.31		$270,992.50
2029	7,720,584	Base + 50.00%	$35.10	$107,195.40	$81,898.55	$189,093.95		$270,992.50
2030	7,720,584	Base + 62.50%	$35.10	$107,195.40	$102,373.19	$209,568.59		$270,992.50
2031	7,874,996	Base + 75.00%	$35.10	$107,195.40	$126,912.72	$234,108.12		$276,412.36
2032	7,874,996	Base +87.50%	$35.10	$107,195.40	$148,064.84	$255,260.24		$276,412.36
2033	7,874,996	Base + 95.00%	$35.10	$107,195.40	$160,756.11	$267,951.51		$276,412.36
						$1,812,814.64		$2,387,963.21

Savings to applicant: $575,148.58

As of 1/5/2024

10 Year TSA Projection

Plat 17 Lot 650 180 George M. Cohen Blvd.

Tax Year	Value	Base Tax + % of Incr.	Tax Rate	Base Tax	Phased-In Tax	Proposed Total Tax	[redacted]	Payments at Full Taxation
2024	3,054,000	Base Tax	$35.10	$107,195.40	$0	$107,195.40		$107,195.40
2025	3,054,000	Base Tax	$35.10	$107,195.40	$0	$107,195.40		$107,195.40
2026	7,569,200	Base + 12.50%	$35.10	$107,195.40	$19,810.44	$127,005.84		$265,678.92
2027	7,569,200	Base + 25.00%	$35.10	$107,195.40	$39,620.88	$146,816.28		$265,678.92
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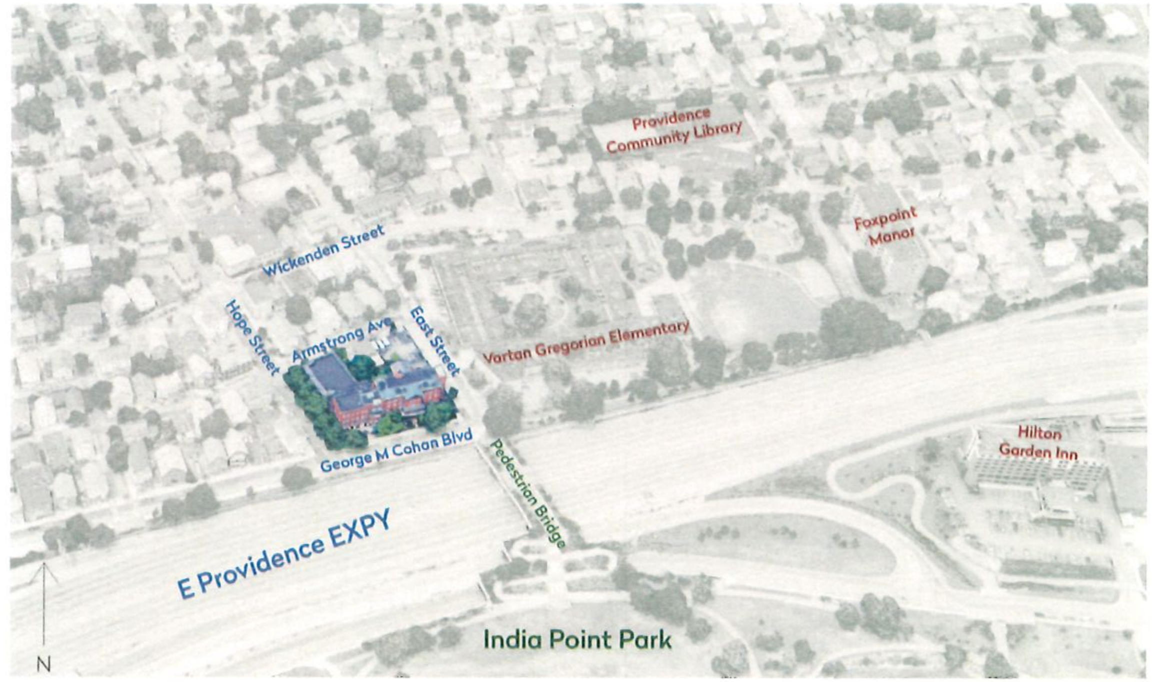
						$1,812,814.64		$2,387,963.21

Savings to applicant: $575,148.58

As of 1/5/2024

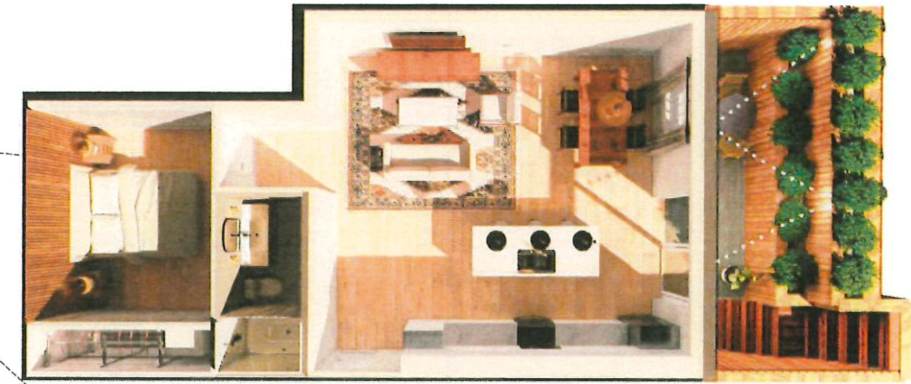
PROVIDENCE ARCHITECTURE Co.

RESIDENCES AT INDIA POINT



LOCUS MAP [N.T.S.]

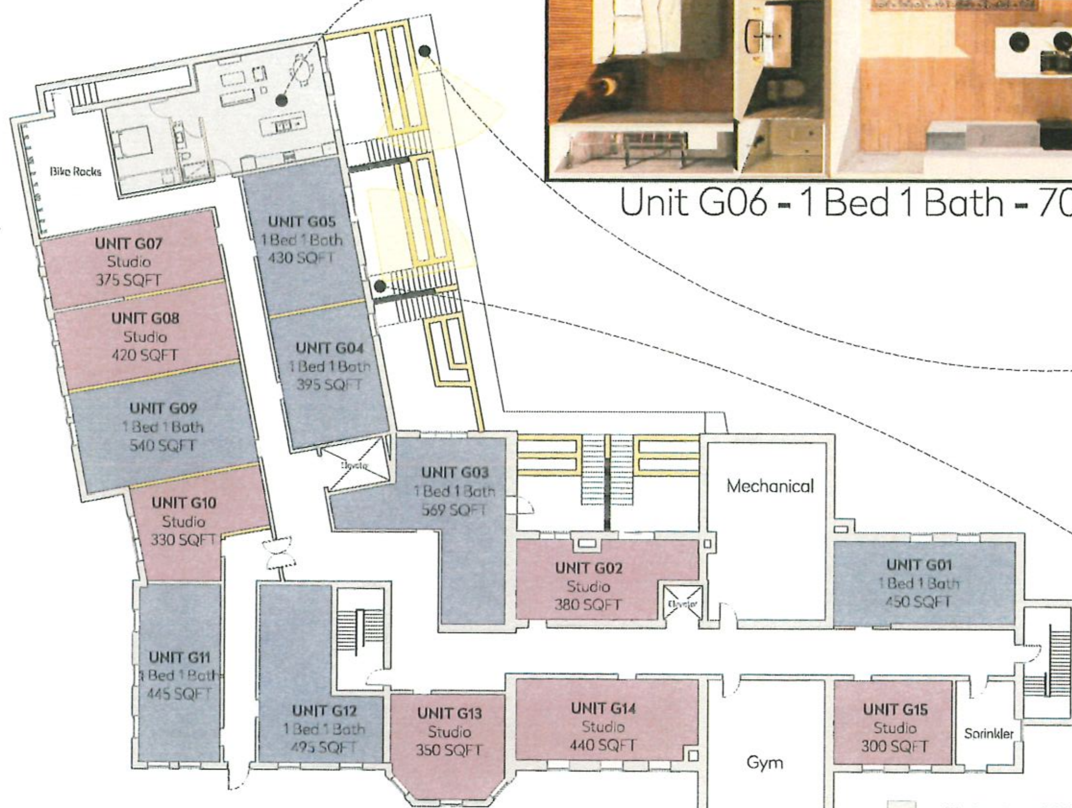
PROJECT
DESCRIPTION



Unit G06 - 1 Bed 1 Bath - 700 SQFT

Garden Walkway

Private Patio



- Existing stairwells to remain
- Location of existing hallways to remain
- Existing exterior walls and openings to remain

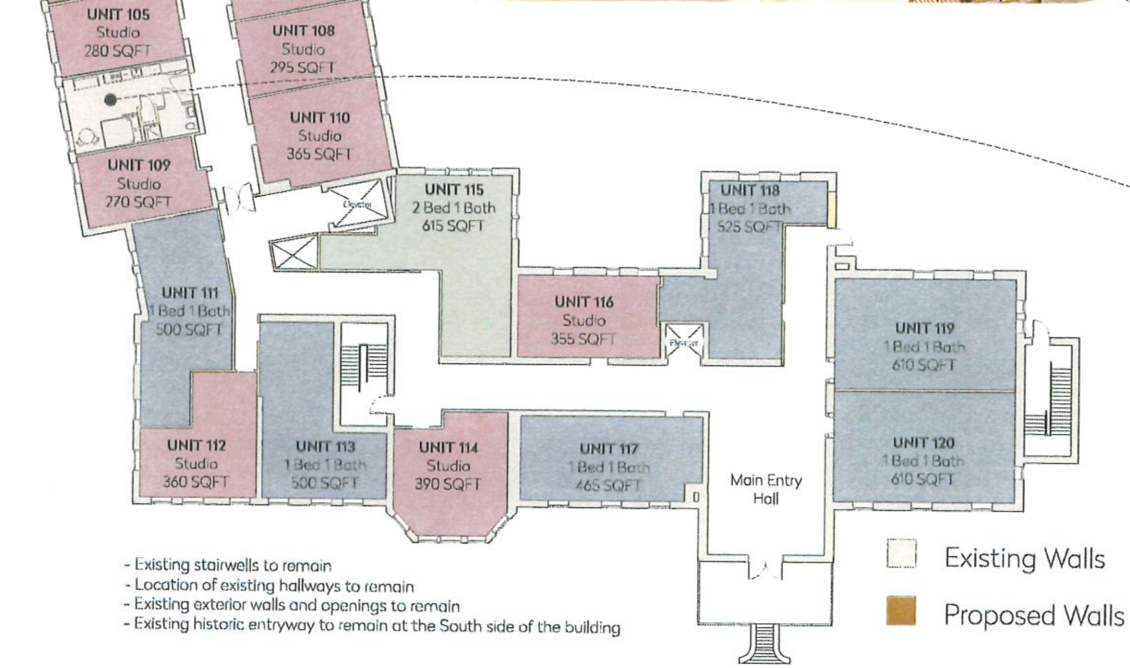
Existing Walls

Proposed Walls

PROVIDENCE ARCHITECTURE Co.

RESIDENCES AT INDIA POINT

GARDEN LEVEL



Unit 107 - Studio - 280 SQFT

PROVIDENCE ARCHITECTURE Co.

RESIDENCES AT INDIA POINT

FIRST FLOOR

- Existing stairwells to remain
- Location of existing hallways to remain
- Existing exterior walls and openings to remain

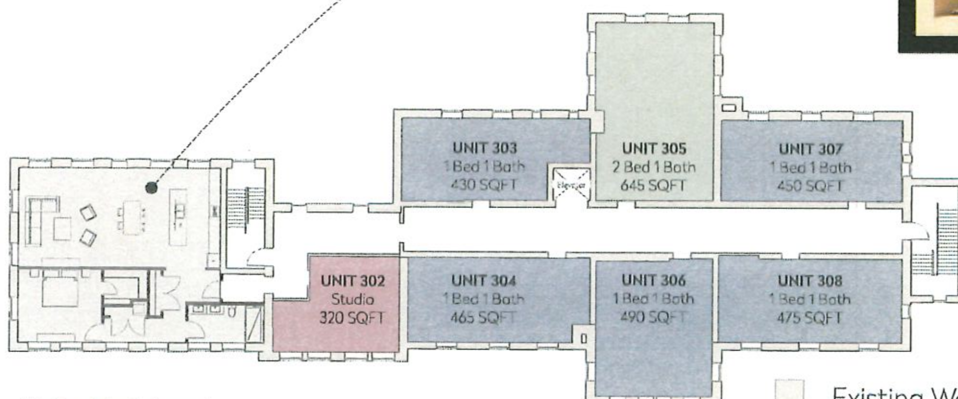
Unit 214 - Studio - 395 SQFT

PROVIDENCE ARCHITECTURE Co.

RESIDENCES AT INDIA POINT

SECOND FLOOR

Unit 301 - 1 Bed 1 Bath - 1,150 SQFT

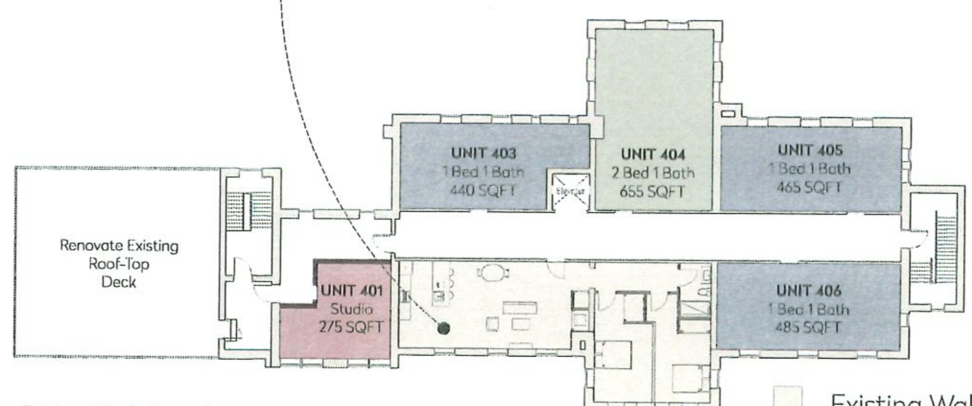


- Existing stairwells to remain
- Location of existing hallways to remain
- Existing exterior walls and openings to remain

Existing Walls

Proposed Walls

Unit 402 - 2 Bed 1 Bath - 1,025 SQFT



- Existing stairwells to remain
- Location of existing hallways to remain
- Existing exterior walls and openings to remain

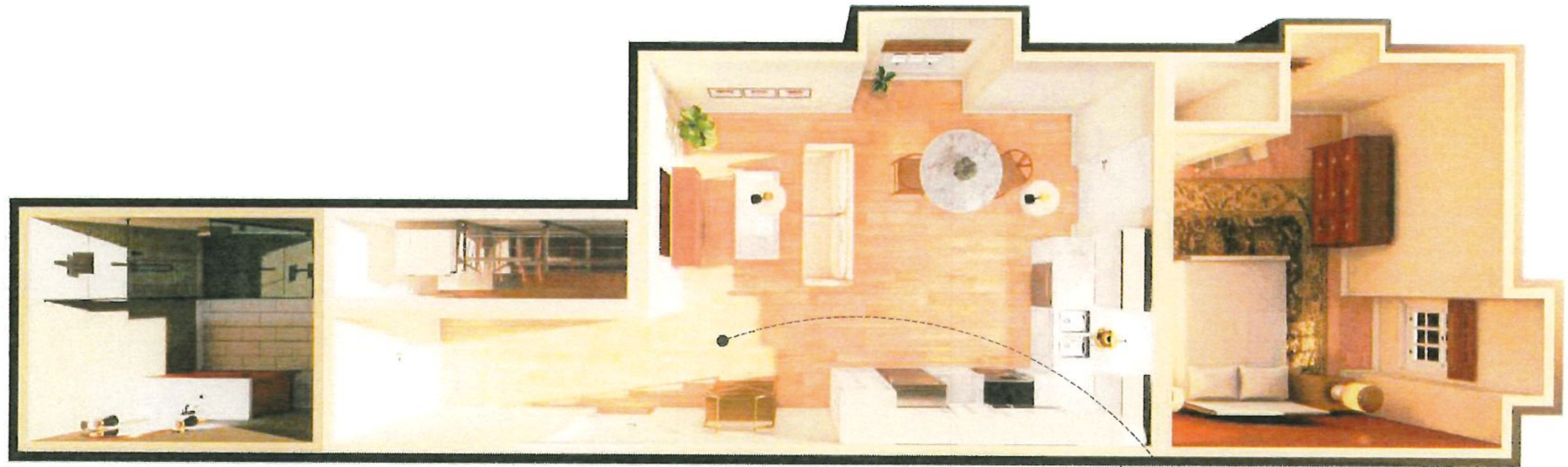
Existing Walls

Proposed Walls

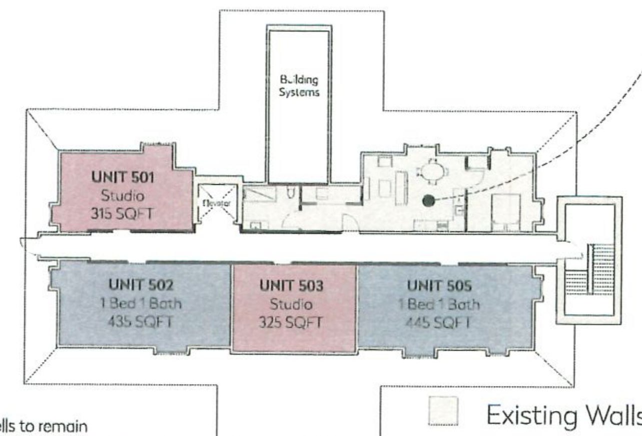
PROVIDENCE ARCHITECTURE Co.

RESIDENCES AT INDIA POINT

FOURTH FLOOR



Unit 504 - 1 Bed 1 Bath - 585 SQFT



- Existing stairwells to remain
- Location of existing hallways to remain
- Existing exterior walls and openings to remain

Existing Walls

Proposed Walls

Mastroianni, Tina

From: Maxton Investments LLC <obaoluba@gmail.com>
Sent: Friday, March 15, 2024 8:50 AM
To: Clerk, City
Subject: [EXTERNAL] Support for TSA

Honorable Members of the City Council,

I write in support of all TSA applications that comply with the Providence Tax Stabilization Investment Act.

The act never decreases tax payments, but slowly ramps up payments for new construction in a way that mitigates the financial risk of building new housing.

Seyi Omoniyi
Sent from my iPhone

Mastroianni, Tina

From: Chosen Generation Homes <chosengenhomes@gmail.com>
Sent: Friday, March 15, 2024 8:51 AM
To: Clerk, City
Subject: [EXTERNAL] Support for TSA

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Wale Jenyo
Sent from my iPhone

Mastroianni, Tina

From: luis olmo <luiso24k@gmail.com>
Sent: Friday, March 15, 2024 8:53 AM
To: Clerk, City
Subject: [EXTERNAL] TSA Applications

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I write in support of all TSA applications that comply with the Providence Tax Stabilization Investment Act.

The act never decreases tax payments, but slowly ramps up payments for new construction in a way that mitigates the financial risk of building new housing.

Mastroianni, Tina

From: Eric Army <eric@signalworksarchitecture.com>
Sent: Friday, March 15, 2024 9:25 AM
To: Clerk, City
Subject: [EXTERNAL] TSA Support

Honorable Members of the City Council,

I write in support of all TSA applications that comply with the Providence Tax Stabilization Investment Act.

The act never decreases tax payments, but slowly ramps up payments for new construction in a way that mitigates the financial risk of building new housing.

eric army AIA
Signal Works CEO & Founder
11 Aleppo Street
Providence, RI 02909
401.400.ARCH

site signalworksarchitecture.com <http://signalworksarchitecture.com/>

Mastroianni, Tina

From:	John Marcantonio <jmarcantonio@ribuilders.org>
Sent:	Friday, March 15, 2024 9:49 AM
To:	Clerk, City
Subject:	[EXTERNAL] Letter for City Council
Attachments:	TSA Letter Providence.docx

Attached please find letter for City Council on TSA subject matter.

Respectfully submitted

John Marcantonio
Chief Executive Officer
RI Builders Association /RCWP
Builders Insurance Group
Cell - 401-617-1566
Office – 401-438-7400

RI BUILDERS ASSOCIATION
BUILDING PROFESSIONALS SINCE 1945

March 15, 2024

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

Dear Council President Miller,

I am writing to you to you on behalf of the RI Builders Association (RIBA) – the Residential Construction Trade Association with over 1,000 member firms.

The Trade Association stands ready to work with the City to implement its housing and growth strategies. With that, RIBA is supportive of the City of Providence implementing TSA's as a means to incentivize and create development in the City. At the current time, and likely the foreseeable future, the cost to build in our market and the economic returns that are possible in the market, are not in alignment and the financial gap does create a significant barrier to development. That said, we do feel that TSA's can be used as a remedy to help minimize or resolve the issue and will assist the City in its growth objectives.

Thank you for the opportunity to provide some guidance on this important issue.

Most respectfully,

John Marcantonio
Executive Officer
RI Builders Association

450 Veterans Memorial Pkwy. #301
East Providence, RI 02914-5380
401.438.7400
Fax- 401.438.7446
www.ribuilders.org

Mastroianni, Tina

From: Robert A. D'Amico II <rad@dblawri.com>
Sent: Friday, March 15, 2024 10:28 AM
To: Clerk, City
Subject: [EXTERNAL] SUPPORT for TSA

Honorable Members of the City Council,

I write to you today in support of all TSA applications that comply with the Providence Tax Stabilization Investment Act. TSA are a great example of partnerships between the city and developers and encourage the development of more housing opportunities. The act never decreases tax payments, but slowly ramps up payments for new construction in a way that mitigates the financial risk of building new housing

Robert A. D'Amico II, Esq.
D'Amico · Burchfield, LLP
536 Atwells Avenue
Providence RI 02909
401-454-1211
401-454-1233 (fax)
www.dblawri.com

D'Amico·Burchfield LLP
Legal Solutions

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

I am a local builder. The solution to the housing crisis and my ability to construct new housing units are deeply connected. In Providence, the commercial tax rate kicks in at six (6) unit apartments. The commercial tax rate is so high, I know property owners who have removed the sixth unit from their property because that is more financially prudent than renting it out and paying the tax. The Providence Commercial Tax Code is so punishing for apartment buildings, it has literally created an incentive to remove apartments.

Whenever I am trying to decide whether or not to purchase real estate to build a building, the first thing I have to do is underwrite the project. I can't get a loan for something that doesn't pencil. I can't raise money for a project that doesn't pencil. The city won't get new housing or new taxable buildings if they don't pencil. The don't pencil without TSAs.

A few years ago, the City killed the "Neighborhood TSA" program for smaller projects, between $250,000 - $3m. Now, the City has stopped abiding by its new TSA Ordinance. Not a single TSA has been issued since 2022. I know people in the industry that have decided against building bigger projects with more housing units because they are not sure if the TSA law will be followed.

Interest rates went up. Supply costs went up. Labor became scarce. The housing crisis came into a full roar. And the City stopped supporting construction. All at the same time.

In times of crisis, we need to come together, partner up, and get the work done. Right now, its time to build. Ensuring that the TSA Ordinance is followed so that it is simple, predictable and fast so that all of us that want to build housing know we can count on the City's support is one of the most important things the Council could do.

When I talk to people about TSAs, it's clear to me that they do not understand them. The City gets more revenue from a TSA, not less. The building pays taxes forever, the TSA lasts for 5-10 years. I think that if people understood how TSAs really worked and understood the long-term value of the TSA and just how much revenue they create for the City, they would not have any problem with them.

With all of the added costs to building housing these days, the only reason why anything gets built is because rent is skyrocketing. I wish I could build because it was affordable to build, not because rent is unaffordably high for my tenants. But right now, the only way I can get a bank to finance a project is based on how high the rents are projected to be.

Honorable members of the Council, I am humbly asking you to help me build housing and increase the tax base for our City. Please support and enforce the TSA ordinance as written, and thank you for taking the time to read this letter.

Print Name: Derek Winslow

[signature]

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Finance Chair Anthony,
Honorable Members of the City Council,

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Print Name: Carlos Rodriques

Centreville Bank
Progress on Purpose

February 13, 2024

Providence City Council
25 Dorrance Street
Providence, RI 02903

Re: Tax Stabilization Agreements ("TSA") and their importance

Dear Council Members,

I am writing this letter for your consideration of the continuation of the TSA program. As a Rhode Island banker for 34 years and a life-long Rhode Islander, I have seen cities and towns benefit greatly from the utilization of these agreements. They have resulted in much needed affordable and market housing units. The need for additional housing has always been high in Rhode Island and specifically Providence. A January 26, 2024, article from Costar Insight titled "Construction starts fall to near decade lows" highlighted some concerning numbers, including:

- At the end of the fourth quarter 2023, just under 1,300 apartment units were under construction in the Providence multifamily market, a 36% year-over-year decline, with the number of under-construction units forecasted to continue to fall in the coming quarters as new groundbreakings grind to a halt.
- Providence's shrinking multifamily supply is running counter to demand trends. At the end of the fourth quarter 2023, 3.4% of the apartments in the Providence region were vacant. When compared to the largest 100 markets in the U.S. based on inventory size, this vacancy rate ranked as the second lowest in the country, behind only New York City.
- Current market asking rents in the area average $1,830 per unit, nearly 10% above the national average of $1,670 per unit.

The above has and will continue to result in a widening gap between local and national monthly rental averages. Low vacancy and limited supply will allow property owners to raise rents at an accelerated rate.

Development of housing units has always been a unique equation for developers, with associated costs including land/building acquisition, permitting and approvals, legal, engineering, architectural design fees, construction/borrowing costs. All these expenses are continuing to become more costly. If a project is completed on-time and on-budget, the developer's next challenge is to lease the units at a rate that is acceptable to the market, while simultaneously satisfying the ongoing operational costs, including insurance, real estate taxes, utilities, repairs & maintenance, financing costs, and excess income for them to realize a minimum level of return on their long-term investment in the property.

Centreville Bank.
Progress on Purpose

I have first-hand knowledge of the benefits of TSAs, having partnered with developers on the repurposing of vacant or underutilized properties and converting them into new functional housing properties. These projects were largely possible because of the TSAs. As a community bank, Centreville Bank focuses on "Progress on Purpose" and the continuation of the TSA program does just that. It provides much needed investment that results in various benefits including additional housing stock, increased tax revenue, and positive impacts to the community at large.

Sincerely,

Centreville Bank

By: ______________________
Kenneth R. Burnett
SVP, Commercial Market Head

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

As a recent special report to Providence's City Council outlined, Providence has a "punishingly high" commercial tax rate of $35.10 per $1,000 of value. This rate is 92% higher than the average commercial mill rate of the rest of Rhode Island. It is also 39% higher than Boston's commercial mill rate of $25.27.

Besides the negative impact this high tax rate has on Providence's businesses, Providence's commercial mill rate stifles new housing production at a time when the city is in a full-blown housing crisis. Providence has the second lowest vacancy rate in the country at 3.4%, behind only New York City and the fastest rent growth in the country at 7.5% YoY in September 2023.

Housing production in Providence has fallen off a cliff as interest rates and construction costs have risen post-COVID. The number of units under construction in Providence has decreased 83% from 340 per quarter in 2022 to 59 per quarter in 2023.

Right now, undeveloped land and vacant buildings provide little tax revenue to Providence and contribute zero housing. Issuing TSAs to people building housing allows Providence to convert low tax generating parcels into much-needed housing and additional property taxes.

The way the TSA is structured with a phase-in of new taxes on top of the existing parcel's taxes, recipients are guaranteed to pay more in 10-year property taxes than if the parcel remained undeveloped. This is a win-win for Providence. **More housing and more property tax revenue.**

For those concerned about fairness, redeveloping a vacant office building into new housing with a TSA still results in an average commercial mill rate of $25.94 over 10-years. That $25.94 mill rate still represents a 3% premium to what new commercial buildings are paying in Boston, MA.

While Affordable Housing is an important part of the solution to Providence's housing crisis, it cannot be the only solution. Affordable housing buildings take 12-18 months just to get approved for funding and typically take 36-48 months to complete. In addition, Rhode Island only has around $4M combined of new funds to award to all LIHTC projects across the state each year. Simply put, Affordable Housing takes too long and is too expensive to be the only solution to Providence's housing crisis. Market-rate projects can deliver in as few as 12 months upon receiving a TSA.

The only way to increase Providence's tax base and solve the housing crisis is to "build, build, build" as President Biden recently said.

Without TSAs, it will remain nearly impossible to build in Providence as costs are the same as Boston, rents are lower, and taxes are 38% higher. This is not a recipe for success. In order to live up to its values, Providence needs enough housing for its current residents and all the people that would love to live here.

Providence needs to start building right away. Granting TSAs is the fastest way to spur housing production with the laws that are already in place. All it takes is City Council's support.

Sincerely,

Print Name: Eric Edelman

Print Name:

Print Name: Ericka LLevesque

Print Name:

Print Name:

Print Name:

Print Name:

Print Name:

Print Name:

Print Name:

Print Name:

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Finance Chair Anthony,
Honorable Members of the City Council,

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Sincerely,

Print Name: Eric Edelman

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Print Name: Jeff Wadovick

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Providence City Council
City of Providence

SPECIAL COMMISSION FOR TAXATION AND REVENUE REPORT

December 27, 2023

I. Introduction

By way of background, the Providence City Council passed Resolution 42285 establishing a Special Commission for Taxation and Revenue on September 7, 2023 and charged with developing a more equitable and fair tax structure for the people of Providence. Specifically, the Commission was empowered and directed to conduct a comprehensive review of state taxing enabling law, the City of Providence's revenue streams from all sources, the City's taxing and levying structure, engage in a robust review of national best practices and to make recommendations regarding appropriate changes to the City's tax policy and state law, including but not limited to, study and analysis of the overall revaluation process, commercial tax rate, residential tax rates, and exemptions all with the goal of furthering a more equitable and just levying of taxes upon the people of Providence. The Commission was also asked to review all revenue streams and to consider alternative options that diversify City income so as to reduce the burden on property owners. Understanding the timing of the City's fiscal year and the critical nature of this task, Commission members were asked to produce their findings within 120 days from the date of their appointments namely December 31, 2023. This Report contains the findings and recommendations of the Commission.

II. Membership

The Special Commission consists of nine members appointed by the Providence City Council President. The appointees are:

- **Chair, Jo-Ann Ryan, Councilwoman (Ward 5)**
- **Vice Chair, Michael DiBiase**
- **Sue R. AnderBois Councilor (Ward 3)**
- **Pedro J. Espinal, Councilman (Ward 10)**
- **Lawrence J. Mancini, Chief Financial Officer**
- **Tom Sgouros**
- **Sharon Conard-Wells**
- **Jane Driver**
- **Robert I. Stolzman, Esquire**

- **Clerks:**
  Angela Harris
  Yuly Polanco

III. Recommendations

The Special Commission met regularly over the course of four months and invited experts and industry professionals to present on a variety of topics and made the following recommendations. The meeting dates, topics and minutes are detailed in the appendix.

Return to an owner occupied and non-owner occupied residential tax rate. The current practice of lowering the residential tax rate using a homestead exemption makes it difficult for potential new residents contemplating buying property in the City to understand how their taxes would compare to other municipalities. Providence is currently ranked 14th highest as compared to other cities and towns but once you consider the effective rate, which takes into account the homestead, Providence is actually 32^{nd} in the state. A bifurcated rate, that is one rate for owner-occupied and one rate for non-owner occupied which the City has utilized in the past, would create "owner-occupied" and "non-owner occupied" rates for residential properties. This clarity would assist in bringing transparency to the taxing rules of the City. An amendment to GL 44-5-11.8(b)(1)(ii) is required to enable Providence to return to this structure which would use the non-owner occupied rate as the comparison point to the commercial tax rate going forward (a similar amendment was enacted in 2021 as it relates to the implementation of the homestead exemption).

Advocate for enabling state legislation that would allow the City to create additional categories of real property with corresponding taxing mechanisms consistent with other municipalities; for example, West Warwick. By way of illustration, amending the City's state taxing laws could allow the City to develop new real property tax proposals within the City budget to tax small apartment buildings differently from larger ones, or tax short-term rentals at a more appropriate rate. Specific proposals for new tax rates could be considered as part of the City budget process, these possible legislative changes would permit the administration and the council to work together to weigh different options and possibilities. The city should pursue the creation of the following new categories through this mechanism:

- All apartment buildings depending on fiscal constraints or for smaller 6-10 unit commercial buildings - applied to residential properties up to 10 units
- Short-term vacation properties - applied to properties that are used for commercial short-term rental uses

Add a "consumption-based tax" to reduce the City's reliance on property tax and properly acknowledge the City services utilized by individuals who visit and work in Providence but are not residents. The Commission is recommending an "admissions tax" that would add an incremental cost to tickets sold for events in the City. Additionally, a "parking tax" should be considered as an opportunity to bring additional revenues to the City. An analysis previously completed can be used as the starting point for further analysis related to this proposal.

Expand exemptions for vulnerable populations. Recognizing that increased property values have significantly affected certain populations, as a matter of public policy it is in the best interests of the City to support our vulnerable residents and to assist them with staying in their homes. The City should expand the use of key exemptions, especially during years when revaluation occurs to smooth the impact of increased values on those who need it the most. Exemptions are an appropriate tool to accomplish this goal as they don't artificially suppress property assessments and they provide genuine financial relief to targeted homeowners. Means testing should be relied upon here to be sure that exemptions are being utilized effectively and fairly.

Return vacant and underutilized properties to productive use. The City has a many valuable vacant properties that need to be returned to productive use. The Commission recommends an immediate comprehensive analysis be performed on all vacant properties in the City and a reliable inventory be created and readily available for widespread distribution to potential buyers, developers, and purchasers. Furthermore, it is sound policy to develop a meaningful tax surcharge on vacant and underutilized property to incentivize development and raise revenues.

Increase tax designation/classification certification efforts. The Commission recognizes that strong internal controls are necessary to evaluate qualifications and continued eligibility for owner reduced rate occupancy tax classifications and prospective new property classifications and recommends the Administration take steps to aggressively monitor such classifications with appropriate up to date policies and procedures. The City should establish a process through which interested parties can provide information about properties that aren't appropriately designated.

Continue efforts to monetize the port. Monetizing the Port has been an important topic of conversation. It is the Commission's understanding that the Administration is currently working on a plan to do so. The Port is a vital and valuable piece of property for the City. We look to the Administration for continued vigilant efforts to expand commercial activities located on parcels adjacent to the Port.

Fee, fine & collection rate oversight and enforcement activity and personnel. The Commission requests that in anticipation of Budget deliberations, the Department Directors prepare a report to the Council, by Q3 of each calendar year, of all City fees and fines including a comparison to other similar-sized cities to include enforcement activity and personnel.

Plan for a reduction in commercial tax rate to improve Providence's competitiveness and attract new commercial business. The Commission recognizes that the City's high commercial tax rate is a significant barrier to entry and detrimental to our economic development. For the City to reduce its dependency on Tax Stabilization Agreements and to encourage developers, the Commission recommends the City initiate a plan to reduce the commercial tax rate to a more competitive and less punishing rate over a 5-year period.

Request Changes to State PILOT tax structure. Advocate for enabling legislation to increase PILOT payments to the Capital City to 30.0%. Under state law, the state is required to reimburse municipalities with qualifying tax-exempt properties in the amount of 27.0% of the foregone revenue. The state met that commitment in FY 2024. The 27.0% target was established decades ago from an estimate of the costs of services used by tax-exempt institutions in municipalities. The Commission requests that the target be increased to 30.0%.

IV. Appendix

September 20, 2023: Courtney Hawkins, Chief Operating Officer Mayor's Office & Lisa Fries, Senior Assistant City Solicitor Law Department | A review of City of Providence's State Enabling Legislation and Tax Structure.

September 27, 2023: Gina Costa, Internal Auditor Office of the Internal Auditor & Lisa Fries, Senior Assistant City Solicitor Law Department | Discussion relative to revenue, property and exemption review, and historical data with legal updates.

October 11, 2023: Lawrence J. Mancini, Chief Financial Officer & Krystle Lindberg, Deputy Finance Director Finance Department | Discussion on City's Historical Taxes and other Revenue Components.
Gina Costa, Internal Auditor Office of the Internal Auditor & David Peligian, Senior Auditor Office of the Internal Auditor | Historical Information associated with progressive tax proposals.

October 23, 2023: Seth Williams, PFM Group Consulting, LLC. | Discussion regarding the City's tax structure with a focus on Revenue Sources

October 30, 2023: Janesse Muscatelli, Tax Assessor Tax Assessor Office & Michael Murphy, Deputy Assessor, Tax Assessor Office & Patrick Donovan, Vision Government Solutions | Discussion of tax revaluation and the City's revaluation process.

November 8, 2023: Gina Costa, Internal Auditor Office of the Internal Auditor & Jacinta Jones, TSA Compliance Auditor Office of the Internal Auditor | Discussion of Tax Stabilization Agreements and Maturity Schedules Tom Sgouros | Reval Jumps

November 27, 2023: Goerge Weiss, Providence Apartment Association & John Dooley, Providence Apartment Association | Discussion of City's tax structure with a focus on multi-family dwellings.

December 4, 2023: Michael Pereira, Greater Providence Board of REALTORS & Robert Rutley, Greater Providence Board of REALTORS | Discussion of City's tax structure with a focus on Homestead and Commercial Tax.

December 11, 2023: Cliff Wood, Executive Director The Providence Foundation, Thomas Sweeney, SIOR Real Estate & Appraisal | Discussion of City's Tax Structure

December 27, 2023: Discussion of City's Tax & Revenue Structure and Approval of Final Recommendations

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

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Honorable members of the Council, I am humbly asking you to help me build housing and increase the tax base for our City. Please support and enforce the TSA ordinance as written, and thank you for taking the time to read this letter.

RAMON E. FELIZ
Print Name:

[signature]

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

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Lauren Hartshorn

Print Name: Lauren Hartshorn

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

I am taking the time to sign onto this letter to ensure that every member of the Council takes the time to read about Providence's fiscal reality.

Providence's commercial tax rate is $35.10. Boston's is $25.27. Boston is 30% cheaper than Providence. If you calculate the average tax payment under a 10-year TSA in Providence to establish the effective tax rate of a TSA in Providence, you get $25.94. Think about that carefully.

Anyone that calls a TSA in Providence a "discount" has not looked at the facts. A Providence TSA rate is more expensive than any other standard tax rate in the state. A property with a Tax *Stabilization* Agreement in Providence *pays 3% more taxes* than a fully taxed property in Boston.

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Sincerely,

Print Name: Tony Berberg

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Olivia Casale

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[signature] Print Name: Kenneth G Kazarian

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Providence has serious financial challenges. Our schools are underfunded. Our pensions are underfunded. Our everything is underfunded. Despite all this underfunding, our taxes are already some of the highest in the country. The only way to get the revenue we so desperately need is to encourage people to increase our tax base through new construction.

I support TSAs because they are fundamentally the only policy that is guaranteed to increase our tax base over time. Until Providence can reduce its Commercial Tax Rate to $25 to be cost competitive with Boston and the rest of the state, TSAs are functionally required, otherwise the tax base will never increase because there is no market rationale to build anything here.

Every single budget season when we wish there was more money, we have to remember that our tax rate makes it illogical for anyone to invest in our city and grow our tax base. Until we can fix that, Tax Stabilization Agreements are the only way to increase municipal revenue.

Specific to Providence, because of our tax rate, rent and construction costs relative to Boston and the rest of Rhode Island, Tax Stabilizations are literally necessary to save us from our fiscal challenges. Not every city needs TSAs, but we do. Please take the time to look at the facts, if you do, you will recognize the reality of our situation.

Sincerely,

Print Name: Leron Gomes

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

I am taking the time to sign onto this letter to ensure that every member of the Council takes the time to read about Providence's fiscal reality.

Providence's commercial tax rate is $35.10. Boston's is $25.27. Boston is 30% cheaper than Providence. If you calculate the average tax payment under a 10-year TSA in Providence to establish the effective tax rate of a TSA in Providence, you get $25.94. Think about that carefully.

Anyone that calls a TSA in Providence a "discount" has not looked at the facts. A Providence TSA rate is more expensive than any other standard tax rate in the state. A property with a Tax *Stabilization* Agreement in Providence *pays 3% more taxes* than a fully taxed property in Boston.

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Sincerely,

Print Name: Vahid Ehsani

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Print Name: MELINDA CAKIRER

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Print Name: NOAH H. RIBS

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Print Name: Ramtin mazaheri

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Sincerely,

Eddy Carvalho

Print Name: Eddy - CARVALHO

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Sincerely,

Scott Champagne

dotloop verified
03/14/24 12:36 PM EDT
PFDE-SHU1-CCSX-67ES

Print Name: Scott Champagne

Signal Works
Architecture

11 Aleppo Street
Providence RI 02909

Tax Stabilization Support Letter

March, 12, 2024

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

I am a local architect & developer. The solution to the housing crisis and my ability to construct new housing units are deeply connected. In Providence, the commercial tax rate kicks in at six (6) unit apartments. The commercial tax rate is so high, I wonder if I should have made my 3 to 6 unit conversion on Vinton Street only 5 units, because of the added tax burden. The Providence Commercial Tax Code is so challenging for apartment buildings, it has literally created an incentive to remove apartments.

Whenever I am trying to decide whether or not to purchase real estate to build a building, the first thing I have to do is underwrite the project, and my commercial lenders look closely at anticipated taxes – especially during the first 5 year stabilization period. Bluntly, projects with TSAs pencil and attract funding from our banks.

I had utilized the administrative "Neighborhood TSA" program for 3 of my smaller projects, all under $1m. I'm significantly challenged, that I've had a TSA in the pipeline for over 2 years, with no TSAs having been issued since 2022. My clients and I are looking at projects outside of Providence since this is so unpredictable. I doubt shifting development outside of Providence is the current strategy, but that is the impact.

Projects I've been trying to develop have had to deal with Interest Rates rising, Construction Costs Escalating and Labor Costs Increasing, all at the same time. We can't afford to have the city stop its support as well. In times of crisis, we need to come together, partner up, and get the work done. Right now, its time to build. Ensuring that the TSA Ordinance is followed so that it is simple, predictable and fast so that all of us that want to build housing know we can count on the City's support is one of the most important things the Council could do.

I am excited about taking $250,000 buildings and transforming them into ones with $2m valuations, that will 10x city revenues on the fixed amount of property available. As an investor, I'd take a deal that 10x'd my investment in 5 years. That's wise stewardship. Without the additional TSA support, new developments are forced to push the already skyrocketing rents to even higher levels to cover costs. Tenants pay because there's no other option, and those that could build more to increase the supply are holding back.

Honorable members of the Council, I am humbly asking you to help me build housing and increase the tax base for our City. Please support and enforce the TSA ordinance as written, and thank you for taking the time to read this letter.

Eric Army, AIA
Signal Works Architecture

134 Thurbers Avenue
Suite 213
Providence, RI 02905
P: 401-553-2100
F:401-553-5855
www.Buildri.org

build RHODE ISLAND 20 YEARS STRONG

March 15, 2024

Hon. Helen Anthony
Committee on Finance
City of Providence City Council
City of Providence
25 Dorrance Street
Providence, RI 02903

Re: Support the City of Providence's current structure and utilization of tax stabilization agreements

Dear Chairwoman Anthony:

BuildRI is a domestic non-profit trade association comprised of four (4) contractor associations (the Labor Relations Division of the RI Chapter of the Associated General Contractors, the New England Mechanical Contractors' Ass'n, the RI Mason Contractors' Ass'n, and the RI and Southeast MA Chapter of the National Electrical Contractors' Ass'n), and seventeen (17) Local Trade Unions. On behalf of our organization, I write to **SUPPORT** the City of Providence's current structure and utilization of tax stabilization agreements.

BuildRI supports the current structure of Providence's Tax Stabilization Agreements, which we helped draft. The TSAs up for consideration will have needed apprenticeship utilization standards to put to work future journeymen and women. While we support the passage of these TSA under consideration, we are concerned about the city's decision to break up the Gano Street project into four separate tax stabilization agreements. Having for separate TSAs brings the overall project under the $10 million threshold which would have triggered prevailing wage rates. We urge the City Council to consider, in the future ,the unintended effects of breaking up TSAs.

Overall, tax stabilization agreements are good for the City of Providence's economic development, as well as their projects' intention of building additional housing units the city needs.

Sincerely,

Gregory A. Mancini

Gregory A. Mancini
Executive Director/General Counsel

Mastroianni, Tina

From:	Repete Realty & Construction <repete.construction@gmail.com>
Sent:	Friday, March 15, 2024 7:52 PM
To:	Clerk, City
Subject:	[EXTERNAL] Tsa

To whom it may concern,

I write in support of all TSA applications that comply with the Providence Tax Stabilization Investment Act.

The act never decreases tax payments but slowly ramps up payments for new construction in a way that mitigates the financial risk of building new housing.

Peter Pascale
Peter Bibby Jr.
Repete Realty LLC

Justin Kelley
Business Representative, Local 195

Joseph Fazzino
Business Representative, Local 1333

City of Providence Finance Committee

March, 19th 2024

Dear Council President Miller and Finance Chair Anthony,

I write you regarding the TSA application for the former Tockwotton Home at 180 George M. Cohan Blvd. made by 180 GMC LLC.

We oppose this TSA application for the following reasons:

The work at said project has already commenced and is well underway, rendering up front compliance for apprenticeship utilization, MBE procurement and any other standards impossible.

Additionally the site was shockingly dangerous upon inspection with many obvious safety issues. (Please see the attached photographs) .

Finally we would ask for the councils due diligence to take a look at compliance with standards for other projects that have received TSA's from the city that this developer has performed, particularly 259 Weybosset St.

Should you have any questions please do not hesitate to contact me.

Sincerely,
~ Justin Kelley

Business Representative, International Union of Painters and Allied Trades, District Council 11

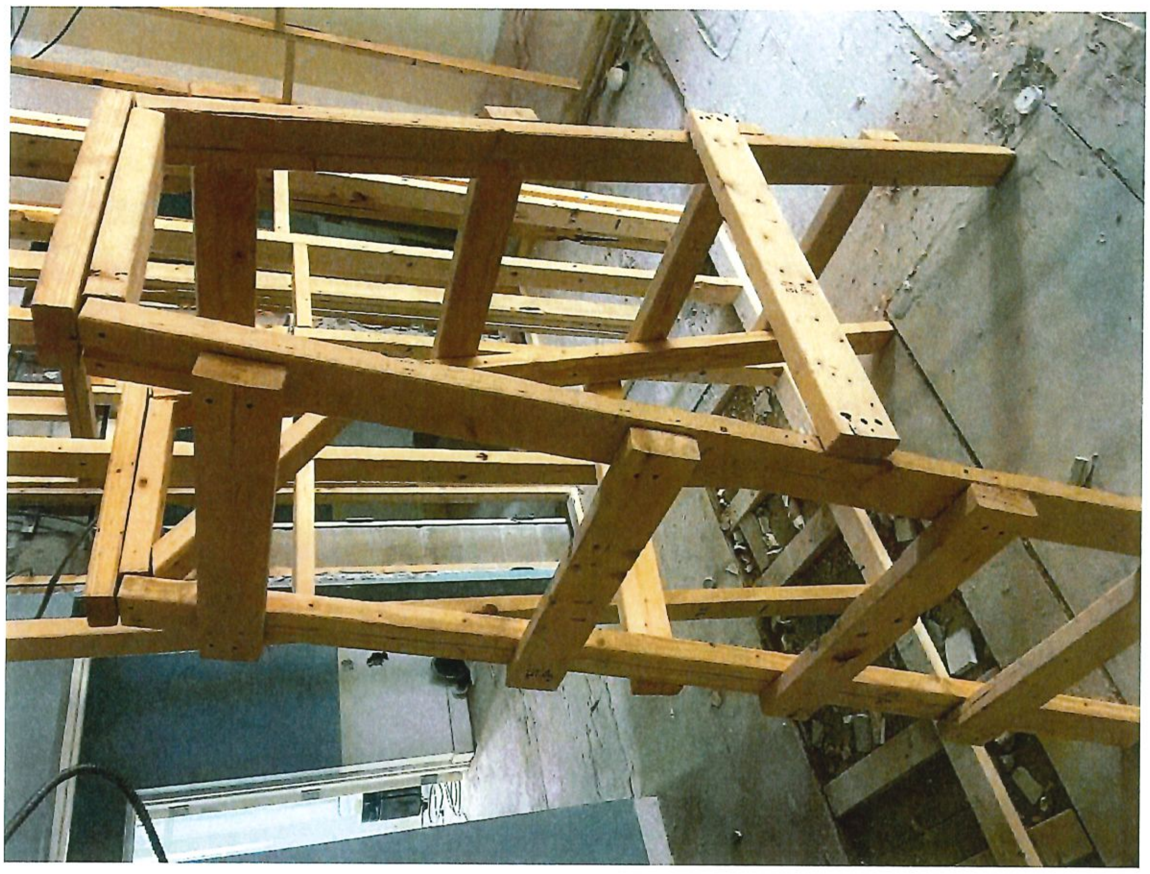
Director of Organizing, Rhode Island Building and Construction Trades Council

International Union of Painters and Allied Trades
District Council 11
269 Macklin St. Cranston, RI 02920
P: (401)-467-7010; F: (401)-467-7075
www.iupatdc11.com

Mastroianni, Tina

From:	Rachel M. Miller <rachel.miller.m@gmail.com>
Sent:	Tuesday, March 19, 2024 2:31 PM
To:	Anthony, Helen; Mastroianni, Tina
Subject:	[EXTERNAL] Fwd: Tockwotten safety issues

---------- Forwarded message ---------
From: **Justin Kelley** <jkelley@iupatdc11.com>
Date: Tue, Mar 19, 2024 at 2:22 PM
Subject: Tockwotten safety issues
To: Rachel Miller Cell <rachel.miller.m@gmail.com>

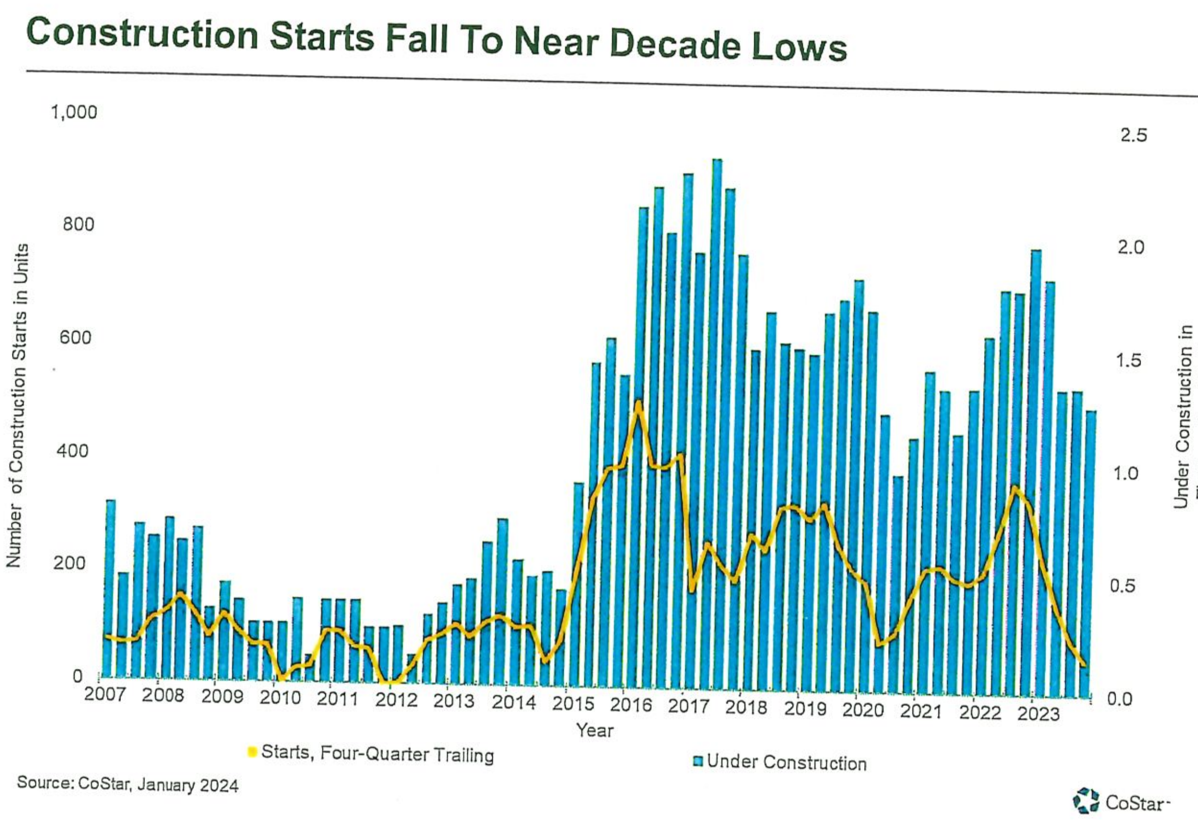


Exposed Holes in the floor next to homemade ladders .
Sent from my iPhone

COSTAR INSIGHT

Multifamily Supply Pipeline Dries Up in Providence, Rhode Island

Decline in New Construction Poised To Prolong Affordability Concerns



By Gard Pecor
CoStar Analytics

January 26, 2024 | 5:02 P.M.

Construction on new apartments continues to decline in one of the nation's tightest vacancy markets as developers struggle to add new supply to the market in today's environment of elevated construction and financing costs.

At the end of the fourth quarter, just under 1,300 apartment units were under construction in the Providence, Rhode Island multifamily market, a 36% year-over-year decline. The number of under-construction units is forecast to continue to fall in the coming quarters as new groundbreakings grind to a halt.

Over the past four quarters, an average of just 59 units per quarter have broken ground in the Providence area, the lowest level since the third quarter of 2014. This marks a stark departure from four-quarter trailing construction starts seen at the end of 2022, in which Providence averaged close to 340 units in quarterly groundbreakings.

Providence's shrinking multifamily supply pipeline runs counter to demand trends. At the end of the fourth quarter, a mere 3.4% of apartments in the Providence region were vacant. When compared to the largest 100 markets in the U.S. based on inventory size, this vacancy rate ranked as the second lowest in the country, behind only New York City.

At roughly 60,000 units in the Providence metropolitan area, this translates to around 2,000 vacant units. With just over 600 units forecast to be delivered in Providence in 2024, this could continue contributing to already growing housing affordability concerns in the region.

Current market asking rents in the area average $1,830 per unit, nearly 10% above the national average of $1,670 per unit. The spread between local and national averages continues to widen as low vacancy and limited new oncoming supply allow property owners to raise rents at an accelerated rate.

At the end of the fourth quarter, annual rent growth in Providence stood at 4.6%, well above the national average of 0.9%. Among the 100 largest markets in the country, Providence ranked first in annual rent growth, a position it has held for several months. With few fundamental changes in supply and demand in sight, rent growth is forecast to continue outpacing the national average well into 2026.

LINCOLN INSTITUTE
OF LAND POLICY

Rhode Island

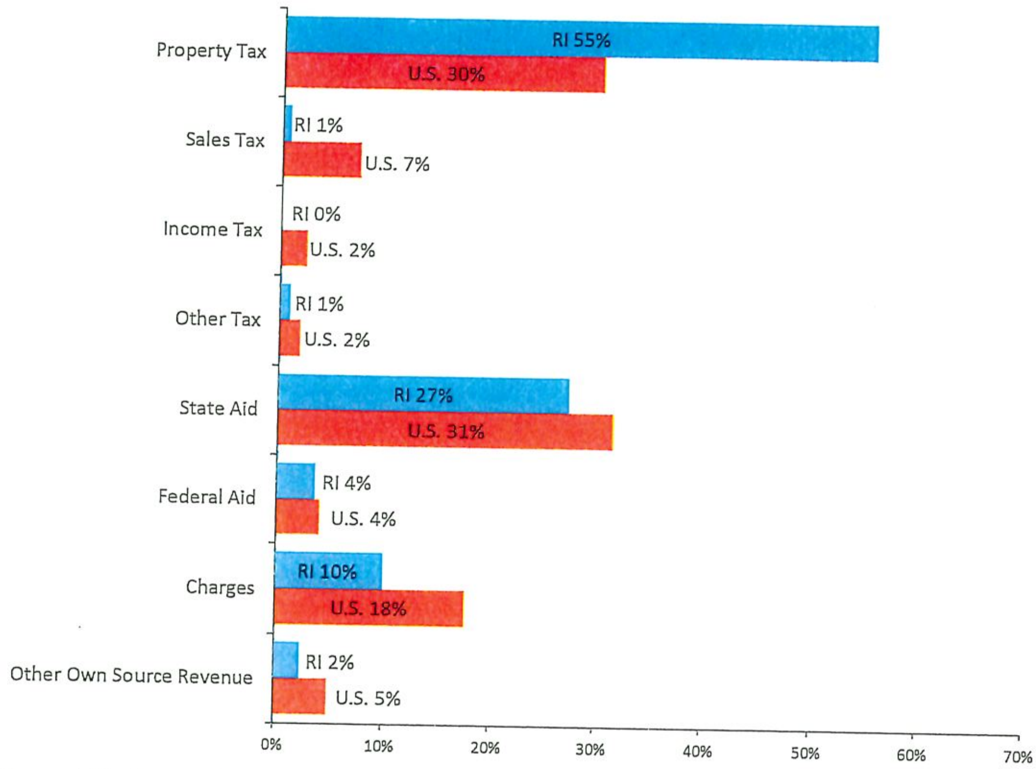
Highlights

Municipal governments in Rhode Island are heavily reliant on the property tax for revenue. In 2017, property taxes accounted for 55 percent of local government revenue (figure RI-1).

Rhode Island has among the highest property tax burdens in the United States. Property tax revenues represented 4.6 percent of personal income in the state in 2017. This placed the state fourth highest in the nation, behind only New Jersey, New Hampshire, and Vermont (table RI-1).

Each of the state's 39 cities and towns is allowed to use a property tax classification system when levying property taxes. State law specifies property classes that may be used and grants cities and towns the ability to set different tax rates for each class, with some restrictions. Class 1 includes residential property with fewer than five units and open space; state law authorizes municipalities to provide homestead exemptions within this class or to divide this class into owner occupied and non-owner occupied, imposing separate tax rates in lieu of homestead exemption. Class 2 includes commercial and industrial property as well as residential property with more than five units; class 3 includes tangible personal property.

Figure RI-1
Sources of Local General Revenue, Rhode Island and U.S., 2017



Source: U.S. Census via Significant Features of the Property Tax

Property Tax Reliance

Rhode Island relies heavily on the property tax to generate revenue for state and local government operations. In 2017, the property tax accounted for 23.6 percent of combined state and local government revenues, the sixth-highest percentage in the United States (table RI-1).

Table RI-1
Selected Rhode Island Property Tax Statistics, 2017[1]

	Rhode Island	U.S. Average	Rank (of 51) *1 is highest*
Per capita property tax	$2,409	$1,618	*8*
Property tax percentage of personal income	4.6%	3.1%	*4*
Total property tax as percentage of state-local revenue	23.6%	16.2%	*6*
Median owner-occupied home value[2]	$249,800	$222,041	*16*
Median real estate taxes paid for owner-occupied home[2]	$4,154	$2,412	*8*
Effective tax rate, median owner-occupied home[3]	1.7%	1.1%	*10*

Sources: U.S. Census via Significant Features of the Property Tax, American Community Survey
[1] All revenue numbers in this table include the state government as well as local governments.
[2] The statistics for median owner-occupied home value and median real estate taxes paid for owner-occupied home are five-year average statistics for years 2014-2018.
[3] Calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

Administration and Assessment

Each municipal government is responsible for assessing property values; a full revaluation of all real property must be done every nine years, and statistical updates must occur three and six years after the most recent full revaluation. All real property is assessed at 100 percent of its full and fair (i.e., market) value with the exception of farmland, forest, and open space land, which is assessed at its current use value. Tangible personal property is subject to taxation, but inventory and tangible property used for manufacturing is exempt. Motor vehicles are subject to an excise tax in lieu of the personal property tax.

Limits on Property Taxation

Since 1985, Rhode Island has placed limits on the growth of property taxes. In 2006, it significantly strengthened these limitations with the enactment of SB 3050 (table RI-2). This legislation caps the percentage growth of a local government's total property tax levy at 4 percent above the previous year's levy. The property tax cap includes exemptions for specified circumstances that allow a 4/5 supermajority of the governing body of a city or town to exceed the property tax levy limit.

Property Tax Relief and Incentives

Rhode Island has enacted a statewide property tax relief program that offers tax credits to individuals aged 65 years or older and to disabled residents. In addition, local governments have the ability to offer property tax credits or exemptions to military veterans, the elderly, and the disabled.

Rhode Island has three main property tax incentive programs designed to encourage economic development in the state: tax stabilization agreements for manufacturing and commercial property, tax exemption for idle manufacturing or mill property, and tax increment financing (TIF). Each of the three programs is authorized by the state government, but the individual cities and towns determine program specifics within the guidelines of state law.

Rhode Island also has property tax programs designed to encourage the renovation of historic structures in the state. Under the program, municipalities may opt to allow the owners of historic properties that incur substantial maintenance or rehabilitation costs to receive a property tax reduction of up to 20 percent for up to five years.

Table RI-2
Property Tax Features of State Governments, United States, 2018

Feature	Rhode Island	Count for 50 states plus DC
Statewide classification of real property	Yes	25
Assessment of property primarily by county	No	31
Limits on property tax rates or levies	Yes	45
Limits on the rate of growth of assessed value	No	19
Circuit breaker property tax relief program	Yes	34

Sources: Significant Features of the Property Tax

Key Property Tax History

In 1985, Rhode Island enacted legislation that limited the rate of growth for the overall property tax levy or the property tax rate to 5.5 percent annually. Although this law had some success in limiting the growth of property taxes in the state, many communities applied the 5.5 percent property tax cap to their tax rates rather than to the overall levy. As a result, overall property tax levies continued to grow rapidly throughout the 1990s and early 2000s.

In 2006, Rhode Island enacted SB 3050, referred to locally as the property tax cap, which amended the 1985 limit. One feature of this amendment was to make the tax cap a pure levy limit by applying the cap only to increases in property tax revenues. The amendment first went into effect on January 1, 2007, and restricts the annual growth of property tax levies to 4 percent above the previous year's levy. The cap on annual levy growth was phased in over several years, starting at 5.25 percent in fiscal year 2008 until reaching the current cap of 4 percent in fiscal year 2013.

The property tax cap does provide exemptions from the cap if debt service expenditures increase rapidly, non-property tax revenues are lost, public employee fringe benefit costs triple from the previous year, or in the event of rapid growth of the tax base that requires significant expenditures on infrastructure or schools. In each case, a 4/5 supermajority of the governing body of the municipality must vote in favor of the levy exceeding the cap. The Division of Property Taxation and Municipal Finance in the Department of Revenue monitors city and town compliance with the tax cap (Rhode Island Department of Revenue, Division of Municipal Finance 2018).

Recent Developments

Rhode Island's fiscal year 2019 budget legislation included a law imposing new reporting requirements for tax credits, including TIF. The Rhode Island Commerce Corporation must annually report program details to the legislature including modifications, clawbacks, and other changes. The law also extended the sunset for the state's TIF program from December 31, 2018 to June 30, 2020 (Rhode Island Department of Revenue 2018).

In October 2018, the City of Providence enacted a non-utilization tax on neglected vacant and abandoned properties in the city at a rate of 10 percent of assessed value. Properties owned by an abutter, recently purchased, or slated for development are exempt from the tax (City of Providence 2018).

Resources

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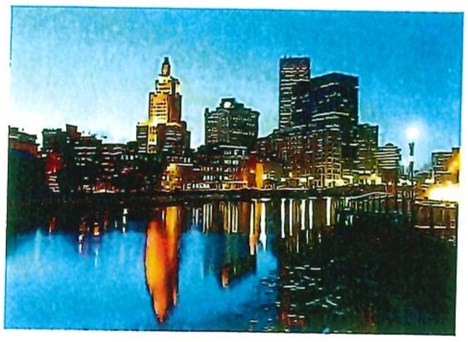
Publication Date

March 2019, data updated July 2020

By Nancy Lavin - 07/13/2022



PROVIDENCE HAD THE third-highest commercial tax rate among major cities in each state in 2021, according to a new study from the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence. / PBN FILE PHOTO

PROVIDENCE – Rhode Island's capital city holds the dubious distinction of charging one of the highest commercial property taxes among major cities nationwide, according to a new study from the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence.

The 3.53% commercial property tax rate for Rhode Island's capital city was the third-highest when compared with 52 other cities nationwide representing the largest city in each state, plus Washington, D.C., and one additional city each in New York and Illinois, according to the study published on Wednesday. Providence was also one of only three cities, along with Detroit and Chicago, with a commercial tax rate above 3%.

By comparison, the average commercial tax rate among the

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2023 which cut commercial tax rates by 3.5% over the prior year, though property owners will still see their tax bills increase by an average 15% due to higher property values.

The higher tax rate in Providence reflects, in part, the capital city's dependence on tax revenue to support its annual spending. Providence ranked fifth among 74 cities – including the largest in each state as well as other major metropolitan cities and select rural municipalities – for its dependence on tax revenue overall, according to the study.

However, the capital city's residential taxes aren't quite as onerous, at least for homeowners who live in their own homes and therefore get a tax break under the city's homestead exemption policy. Providence's 1.25% tax rate for owner-occupied homes in 2021 ranked 23rd and 25th, respectively, for homes valued at $150,000 and $300,000, when compared with the largest cities in each state.

Meanwhile, Providence's 1.84% industrial tax rate ranked 12th. Rhode Island also had one the largest disparities in the industrial tax rates of its largest city and a more rural municipality, Hopkinton, with the latter's tax rate representing a 48% decrease over what Providence charges.
The findings echo the conclusions

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Rhode Island, create imbalances that ultimately hurt communities with lower property wealth.

The Lincoln Institute study cautioned that it's difficult to compare tax rates across cities and states, since policies around tax breaks for owner-occupied homes and other exemptions can differ. Also playing into the equation are the revenues from local sales and income taxes, which vary or may be absent entirely depending on the jurisdiction.

Higher tax rates also don't necessarily translate to bigger tax bills, since municipalities that charge higher rates may do so to offset lower property values, the report noted.

The report analyzed municipal property taxes for different types of properties across three groups: the largest city in each state, along with Washington, D.C., Aurora, Ill. and Buffalo, N.Y. (since Detroit and New York City calculate taxes differently), the 50 largest cities in the country regardless of state, and a rural municipality in each state.

Nancy Lavin is a PBN staff writer. Contact her at Lavin@PBN.com.

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Bridge to be replaced, McKee says, accountability will come,

03/14/2024

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i c i onial in Wayland Square in Providence sells for $1.39M

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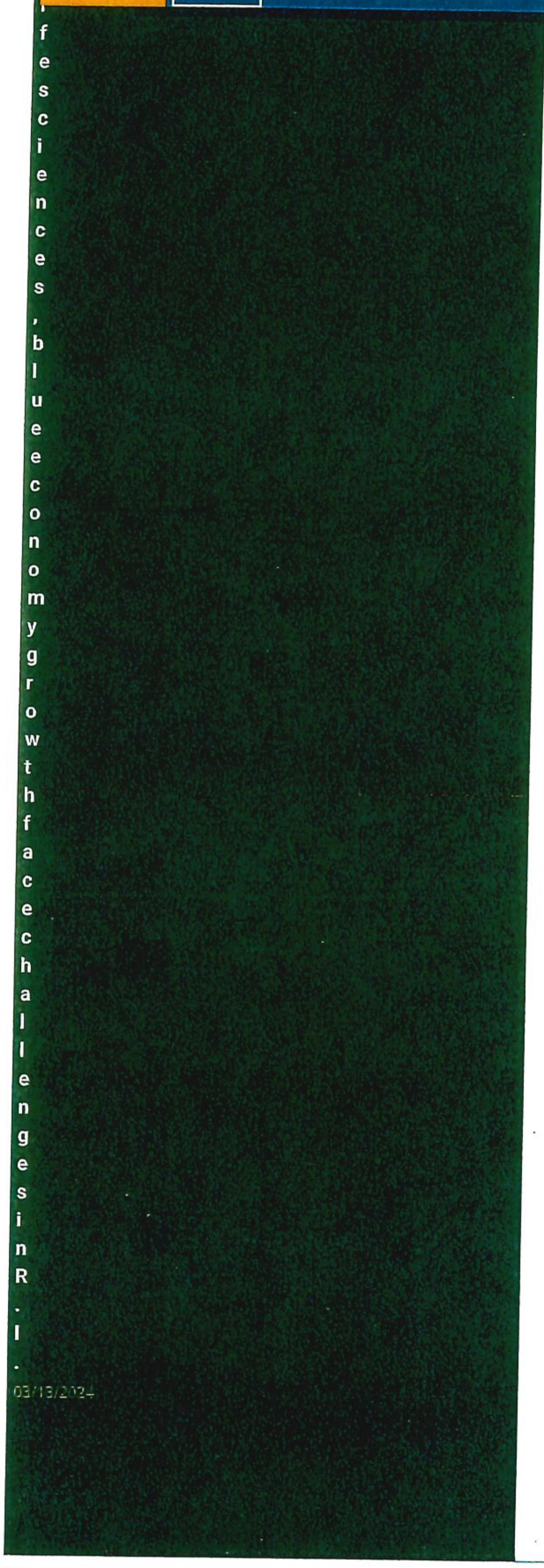

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PROVIDENCE, RI COMMERCIAL MILL RATE COMPARISON TO SIMILAR CITIES | FEBRUARY 2024

City	Residential Mill rate	Commercial mill rate	Commercial mill rate vs. residential	Multifamily building taxes	Commercial Mill Rate Difference
Providence, RI	$18.35	$35.10	91.28%	$526,500.00	0.00%
		COMPARABLE CITIES			
Rhode Island					
East Greenwich RI	$21.85	$24.93	14.10%	$373,950.00	-29%
East Providence, RI	$14.76	$23.03	56.03%	$345,450.00	-34%
Newport, RI	$10.93	$14.88	36.14%	$223,200.00	-58%
North Providence, RI	$16.61	$23.35	40.58%	$350,250.00	-33%
Rhode Island Comps Average	**$16.04**	**$21.55**	34.36%	**$323,212.50**	**-39%**
Massachusetts					
Boston, MA	$10.90	$25.27	131.83%	$379,050.00	-28%
Cambridge, MA	$5.92	$11.23	89.70%	$168,450.00	-68%
Fall River, MA	$11.49	$23.94	108.36%	$359,100.00	-32%
Foxborough, MA	$14.21	$18.37	29.28%	$275,550.00	-48%
New Bedford	$12.00	$24.96	108.00%	$374,400.00	-29%
Worcester, MA	$13.75	$30.04	118.47%	$450,600.00	-14%
Massachusetts Comps Average	**$11.38**	**$22.30**	96.00%	**$334,525.00**	**-36%**
Connecticut					
Stamford, CT	$27.17	$27.17	0.00%	$407,550.00	-23%
Greenwich, CT	$11.28	$11.28	0.00%	$169,200.00	-68%
Connecticut Comps Average	**$19.23**	**$19.23**	0.00%	**$288,375.00**	**-45%**

Building detail	
Units	50
Cost to build per unit	$300,000
Building value	$15,000,000

EFFECTIVE WITHOUT THE MAYOR'S SIGNATURE

City of Providence
STATE OF RHODE ISLAND

CHAPTER 2021-21

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 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 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.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 it 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 it 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 27of 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 27of 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 owning 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 0 6 2021
FIRST READING
READ AND PASSED
CLERK

IN CITY COUNCIL
MAY 2 0 2021
FINAL READING
READ AND PASSED
JOHN J. IGLIOZZI, PRESIDENT
CLERK

FY 2024 Rhode Island Tax Rates by Class of Property

Assessment Date December 31, 2022

Tax Roll Year 2023

Renter's Tax Rate

MUNICIPALITY	NOTES	RRE	COMM	PP	MV
BARRINGTON		$20.30	$20.30	$20.30	
BRISTOL		13.36	13.36	13.36	
BURRILLVILLE		14.39	14.39	14.39	
CENTRAL FALLS	7	18.55	28.75	38.33	
CHARLESTOWN	2	5.74	5.74	5.74	
COVENTRY	2, 6	15.33	21.55	20.65	
CRANSTON		18.90	28.35	28.35	
CUMBERLAND	2	11.62	11.62	30.88	
EAST GREENWICH		21.85	24.93	45.50	
EAST PROVIDENCE	1, 2, 7	14.76	23.03	56.81	
EXETER		14.27	14.27	14.27	
FOSTER		22.67	22.67	31.12	
GLOCESTER	2	14.25	17.08	28.50	
HOPKINTON	2	14.66	14.66	14.66	
JAMESTOWN		6.98	6.98	6.98	
JOHNSTON	2, 7	15.30	27.43	64.65	
LINCOLN	7	16.49	24.74	30.07	
LITTLE COMPTON		4.96	4.96	9.92	
MIDDLETOWN		13.53	18.70	18.70	
NARRAGANSETT	7	9.31	12.57	12.57	
NEW SHOREHAM	2, 5	6.02	6.02	6.02	
NEWPORT		10.93	14.88	14.88	
NORTH KINGSTOWN		14.34	16.28	17.85	
NORTH PROVIDENCE	2, 7	16.61	23.35	58.58	
NORTH SMITHFIELD	6	14.43	19.59	43.95	
PAWTUCKET		16.94	29.65	52.09	
PORTSMOUTH	2, 6	12.78	12.78	15.65	
PROVIDENCE	7	18.35	35.10	53.40	
RICHMOND	2	14.76	14.76	14.76	
SCITUATE		16.76	24.57	35.69	
SMITHFIELD		13.72	19.20	59.74	
SOUTH KINGSTOWN		11.05	11.05	11.05	
TIVERTON		14.90	14.90	14.90	
WARREN	2	13.66	13.66	13.66	
WARWICK	2	14.19	24.83	37.46	
WEST GREENWICH	3, 7	24.51	24.51	34.80	
WEST WARWICK	4	18.32	31.37	46.99	
WESTERLY		9.62	9.62	11.59	
WOONSOCKET	7	13.98	25.94	46.58	

Source: Division of Municipal Finance

Represents tax rate per thousand dollars of assessed value.

CLASSES:

RRE = Residential Real Estate COMM = Commercial Real Estate PP = Personal Property MV = Motor Vehicles

NOTES:

1) Rates support fiscal year 2023 for East Providence.
2) Municipality had a revaluation or statistical update effective 12/31/22.
3) West Greenwich - Vacant land taxed at $17.30 per thousand of assessed value.
4) West Warwick - Real Property taxed at four different rates: $27.41 (apartments with 6+ units); $31.37 (combination, commercial I, commercial II, industrial, commercial condo, comm./ind. vacant land, comm. buildings on leased land, utilities and rails, other vacant land); $20.07 (two to five family); $18.32 (one family residence, estates, farms, seasonal/beach property, residential vacant land, residential buildings on leased land, residential condo, time shared condo, farm/forest/open space, mobile homes, two-family owner occupied properties)
5) New Shoreham's Real and Personal Property is assessed at 80% of Fair Market Value at the time of revaluation/update. Real and Personal Property in all other municipalities is assessed at 100%.
6) Rates rounded to two decimals
7) Denotes homestead exemption available or owner occupied tax rate

APPENDIX B

TAX STABILIZATION PLAN

TAX YEAR	BASE ASSESSMENT TAX	PERCENTAGE OF FULL ASSESSMENT INCREASES	TAX PAYMENT UNDER STABILIZATION AGREEMENT
1	BA TAX	$0.00	BA TAX
2	BA TAX	$0.00	BA TAX
3	BA TAX	12.50% of (Year 3 Assessment Value-Base Assessment) * Year 3 Commercial Tax Rate	BA TAX plus 12.50% of (Year 3 Assessment Value-Base Assessment) * Year 3 Commercial Tax Rate
4	BA TAX	25.00% of (Year 4 Assessment Value-Base Assessment) * Year 4 Commercial Tax Rate	BA TAX plus 25.00% of (Year 4 Assessment Value-Base Assessment) * Year 4 Commercial Tax Rate
5	BA TAX	37.50% of (Year 5 Assessment Value-Base Assessment) * Year 5 Commercial Tax Rate	BA TAX plus 37.50% of (Year 5 Assessment Value-Base Assessment) * Year 5 Commercial Tax Rate
6	BA TAX	50.00% of (Year 6 Assessment Value-Base Assessment) * Year 6 Commercial Tax Rate	BA TAX plus 50.00% of (Year 6 Assessment Value-Base Assessment) * Year 6 Commercial Tax Rate
7	BA TAX	62.50% of (Year 7 Assessment Value-Base Assessment) * Year 7 Commercial Tax Rate	BA TAX plus 62.50% of (Year 7 Assessment Value-Base Assessment) * Year 7 Commercial Tax Rate
8	BA TAX	75.00% of (Year 8 Assessment Value-Base Assessment) * Year 8 Commercial Tax Rate	BA TAX plus 75.00% of (Year 8 Assessment Value-Base Assessment) * Year 8 Commercial Tax Rate
9	BA TAX	87.50% of (Year 9 Assessment Value-Base Assessment) * Year 9 Commercial Tax Rate	BA TAX plus 87.50% of (Year 9 Assessment Value-Base Assessment) * Year 9 Commercial Tax Rate
10	BA TAX	95.00% of (Year 10 Assessment Value-Base Assessment) * Year 10 Commercial Tax Rate	BA TAX plus 95.00% of (Year 10 Assessment Value-Base Assessment) * Year 10 Commercial Tax Rate
11	FULL TAXATION RESUMES		
		* All years refer to Tax Years	

Title 44
Taxation

Chapter 3
Property Subject to Taxation

R.I. Gen. Laws § 44-3-9

§ 44-3-9. Exemption or stabilizing of taxes on property used for manufacturing, commercial, or residential purposes.

(a)(1) Except as provided in this section, the electors of any city or town qualified to vote on a proposition to appropriate money or impose a tax when legally assembled, may vote to authorize the city or town council, for a period not exceeding twenty (20) years, and subject to the conditions as provided in this section, to exempt from 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; provided, that after public hearings, at least ten (10) days' notice of which shall be given in a newspaper having a general circulation in the city or town, the city or town council determines that:

(i) Granting of the exemption or stabilization will inure to the benefit of the city or town by reason of:

(A) The willingness of the manufacturing or commercial concern to locate in the city or town, or of individuals to reside in such an area; or

(B) 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 or town and not substantially reduce its work force in the city or town; or

(C) An improvement of the physical plant of the city or town which will result in a long-term economic benefit to the city or town and state; or

(D) 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

(ii) Granting of the exemption or stabilization of taxes will inure to the benefit of the city or town by reason of 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 owned in the city or town;

(2) Provided that should the city or town council make the determination in subsection (a)(1)(i)(B) of this section, any exemption or stabilization may be granted as to new buildings, fixtures, machinery, or equipment for new buildings, firms or expansions, and may be granted as to existing buildings, fixtures, machinery and equipment for existing employers in the city or town.

(b) Cities shall have the same authority as is granted to towns except that authority granted to the qualified electors of a town and to town councils shall be exercised in the case of a city by the city council.

(c) For purposes of this section, "property used for commercial purposes" means any building or structures used essentially for offices or commercial enterprises.

(d) Except as provided in this section, property, the payment of taxes on which has been so exempted or which is subject to the payment of a stabilized amount of taxes, shall not, during the period for which the exemption or stabilization of the amount of taxes is granted, be further liable to taxation by the city or town in which the property is located so long as the property is used for the manufacturing or commercial, or residential purposes for which the exemption or stabilized amount of taxes was made.

(e) Notwithstanding any vote of the qualified electors of a town and findings of a town council or of any vote and findings by a city council, the property shall be assessed for and shall pay that portion of the tax, if any, assessed by the city or town in which the real or personal property is located, for the purpose of paying the indebtedness of the city or town and the indebtedness of the state or any political subdivision of the state to the extent assessed upon or apportioned to the city or town, and the interest on the indebtedness, and for appropriation to any sinking fund of the city or town, which portion of the tax shall be paid in full, and the taxes so assessed and collected shall be kept in a separate account and used only for that purpose.

(f) Nothing in this section shall be deemed to permit the exemption or stabilization provided in this section for any manufacturing or commercial concern relocating from one city or town within the state of Rhode Island to another.

(g) Renewable energy resources, as defined in § 39-26-5, qualify for tax stabilization agreements pursuant to subsection (a) of this section.

(h) Notwithstanding the foregoing, the city council of the city of Providence may extend the twenty-year (20) period in subsection (a) of this section by an additional ten (10) years for real property located at 111 Westminster Street (also identified as 55 Kennedy Plaza), Providence, Rhode Island, identified as assessor's plat 20, lot 14.

(i) Notwithstanding the foregoing, the city council of the city of Providence may enter into an agreement to exempt from payment, in whole or in part, real and personal property taxes on real property and personal property located at plat 56, lots 271, 288, 292, 322, 329, 339, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367 and 371, and such additional plats and lots as may be added in accordance with the terms of such agreement, and to determine a stabilized amount of taxes, which may be formulated as a revenue sharing arrangement, to be paid on account of the property, notwithstanding the valuation of the property or the rate of tax. The term of the agreement may be up to thirty (30) years. This authority is in addition to, and not in substitution of the authority exercised by the city council to enter into a twenty-year (20) tax exemption agreement, which agreement by its terms is set to expire on September 30, 2024.

History of Section.
G.L. 1896, ch. 44, §§ 4, 5; G.L. 1909, ch. 56, §§ 4, 5; P.L. 1916, ch. 1376, § 1; G.L. 1923, ch. 58, §§ 4, 5; G.L. 1938, ch. 29, §§ 4, 5; G.L. 1956, § 44-3-9; P.L. 1962, ch. 135, § 1; P.L. 1965, ch. 37, § 1; P.L. 1966, ch. 53, § 1; P.L. 1994, ch. 402, § 1; P.L. 1996, ch. 257, § 1; P.L. 1996, ch. 293, § 1; P.L. 1998, ch. 106, § 1; P.L. 2006, ch. 347, § 3; P.L. 2006, ch. 466, § 3; P.L. 2016, ch. 149, § 6; P.L. 2016, ch. 163, § 6; P.L. 2022, ch. 184, § 1, effective June 27, 2022; P.L. 2022, ch. 185, § 1, effective June 27, 2022; P.L. 2023, ch. 27, § 1, effective May 18, 2023; P.L. 2023, ch. 28, § 1, effective May 18, 2023.

siteline “musical chairs” video explaining how housing migrations chains benefit lower income people

https://www.youtube.com/watch?v=EQGQU0T6NBc

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Daniel Herriges · January 3, 2024

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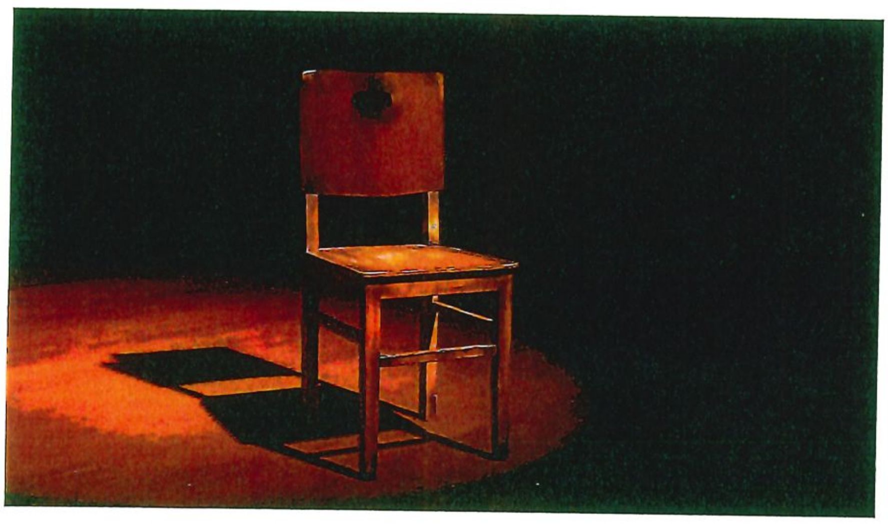

(Source: Unsplash/Allec Gomes.)

One of the most powerful analogies for understanding how the housing market works is the children's game of musical chairs. I've invoked this analogy many times since first encountering it in a 2017 viral video by Sightline Institute. You know the game: participants dance in a circle to music until the music stops, and then they rush to find a chair and sit down. The catch: there are more players than chairs. So, inevitably, someone loses.

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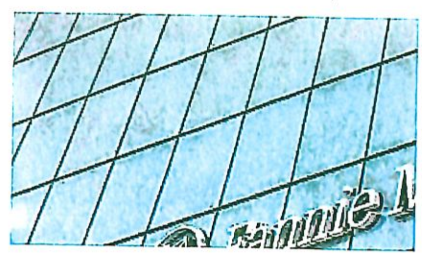

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works something like this. People move a lot in their lives. We move because of new jobs or changed relationships. We move for better rent, a better location, because we want more space, because we can, sometimes because we must. In any case, people are moving all the time, and in aggregate, these moves play out like a giant game of musical chairs in which you win a desirable "chair" (home) not by being fast, but by being able to spend more money than others who want it.

The "musical chairs" aspect of the market means something else important. Every time a player sits in a new chair, they vacate an old one. Every time someone moves into a new home, they leave an old home available for someone else to move into. That person, in turn, must have moved out of somewhere. And so on.

This sequence of associated moves is what housing scholars call a "migration chain." These chains quickly come to connect rich and poor households, as well as people in vastly different neighborhoods. You can think of it kind of like the famous Six Degrees of Separation theory, a mathematical intuition which says that any human on earth is connected to any other through a chain of no more than six acquaintances.

The crucial implication is that more housing options for anyone means, in some sense, more housing options for everyone. You can benefit directly from the creation of a home you're never going to live in, thanks to the ripple effect that begins with the addition of a "chair" to the game of musical chairs.

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Strong Towns · Jan 3, 2024

Intuitive Model

A mounting body of empirical evidence captures this basic aspect of the housing market "in the wild," so to speak. As the number of such studies increases, the methodology has also gotten more rigorous and comprehensive. The latest such study, out of Sweden, is the most impressive one yet.

You can find a summary and a link to the paper, by Gabriella Kindström and Che-Yuan Liang, here. Some of its findings and graphs are also well summarized in this X/Twitter thread by urban economist Stephen Hoskins.

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🚨 It's Filtering Friday! 🚚🚨
New working paper observes the moving chains of all Swedes 1990-2017 & finds:
🏗 New buildings trigger moving chains
💸 Which quickly benefit poor people
🏙 Rental apartments filter fastest
🏘 Even luxury housing helps poor people get larger homes

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The central finding, one previously reached by studies in the U.S. and Finland, is that new market-rate housing construction triggers a migration chain which quickly reaches low-income households. This is true even when the initial occupants of brand-new buildings have well-above-average incomes. In Kindström and Liang's study, the initial occupants of new buildings had incomes 127% of Sweden's average. But

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which, in just a few steps, results in a significantly lower-income household being able to move into a vacated home.

In fact, when we look at the incomes of those who moved in each round of the moving chain, we find that as early as the first round after the initial moves, those in the poorest 25% of Swedish households represent a plurality of households moving to new homes. This is true even though the largest share of in-movers to the new buildings themselves (round zero) come from the highest income quartile: almost 40%.

In plain language: building housing that will be occupied by (relatively) rich people quickly frees up different housing for (relatively) poor people.

Kindström and Liang also find that the mix of incomes in Swedish apartment buildings tends to even out over time: new buildings are more expensive, while 30-year-old buildings are occupied by a representative mix of households across the income spectrum. And they produce data suggesting that in Swedish cities which build more housing, households across the entire income spectrum live in higher-quality housing (measured in terms of available space in square feet).

Kindström and Liang do contextualize their findings in some of the specific features of the Swedish housing system, including widespread rent regulation, a large stock of social housing, and relatively mild income inequality. It is likely, for example, that in costly U.S. cities, the incomes of those moving into brand-new buildings are much higher than a mere 27% above national average, and that might affect how the migration chain plays out. But the general slope of the

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The Swedish study is notably different from previous studies of housing migration chains in two ways. One, the data set is huge: the entire Swedish population from 1990 to 2017.

Two, this data makes it possible to look at the incomes of the actual *households* that moved into and out of buildings. The most-cited migration chain study in the U.S. is a 2019 one by Evan Mast, conducted using Postal Service change-of-address data. But Mast's study is only able to demonstrate that the migration chains created by the construction of a new building quickly reaches low-income *neighborhoods*. In theory, this does not prove that low-income *residents* of those neighborhoods were the ones actually able to trade up to better housing or locations.

Why Do So Many Find This Evidence Unconvincing?

The Swedish study makes bold and excessively provocative claims: "New housing for the rich benefits the poor." "New homes trickle down to the poor." "It is not important to build homes directly affordable for low-income residents; they will reap the benefits of more housing space anyway through ripple effects."

The use of the words "trickle down" is unfortunate here, at least to my American ears. I'm not sure how it's perceived in Sweden, but here, the phrase is indelibly associated with a specific set of Reagan-era fiscal policies known as "trickle-down economics." It lends this research an ideological

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To be very clear, the notion that high-end housing benefits lower-end households through migration chains is *not* the same thing as trickle-down economics: not at all. The latter refers to a set of theories that giving money back to the richest people (typically through tax cuts) will result in their investing in jobs and innovation that produce overall economic growth.

The idea that when new housing is built, the people with the most ability to pay will tend to get their pick of it first, and the people with less ability to pay will get what's left over, is not trickle-down economics; it is simply an observation about the nature of a market economy. You don't have to be a hardcore free-market ideologue, either, to recognize the core insight of these migration-chain studies: that when there are new options in a market that has some fluidity (because people do move), those new options ultimately result in more options for everyone than before.

This is not really something that requires belief in a sort of crude market fundamentalism to accept. It's something that anyone who has not just played musical chairs, but been part of any sort of game or competition involving finite resources, ought to understand. When there is more of that finite resource available, most players, on average, are going to do better.

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There's something else going on here, though, that I think explains the resistance to this idea. Or at least to its policy implication, which is that we should embrace housing supply—even when it consists of relatively unaffordable new buildings—in order to alleviate cost and scarcity pressures across the entire market spectrum.

It's something that Strong Towns Founder Chuck Marohn and I have tried to address throughout the writing of *Escaping the Housing Trap*, our upcoming book (coming spring 2024 from Wiley & Sons) about the Strong Towns response to the North American housing crisis. We worked not just to make abstract observations about the functioning of the housing market as a system, but to acknowledge the very personal and direct ways in which real people think about and relate to the abstraction we call the "housing market."

For nearly everyone, our relationship to housing is both deeply personal and intensely local. The stakes are about as high as the stakes of anything involving local government or the built environment can be. And many, many people feel a deep sense of precarity when it comes to housing—for themselves, and for the communities they care about.

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our fundamental interests will be safe. People respond better to such guarantees. And evidence that markets work to improve options for people in the abstract—but maybe not for you, or for me, or for your cousin or son or daughter or friend —don't meet that desire for certainty.

Most people who aren't housing policy people aren't that interested in knowing that new housing supply will create lower rents or an available vacancy for someone, somewhere, in theory. They want to know how their own neighborhood or family or community will be affected.

Housing is a complex system, and in a complex system, local effects can and often do run in a contrary direction to global trends. We see this across all sorts of contexts. Sometimes, factories close and workers get laid off even in a good economy. Towns stagnate and decline into poverty even in a region that is prospering; neighborhoods within a given city do the same.

Hyper-local concerns are more likely to animate the risk-averse opponents of new housing development, whereas theoretical or regional concerns are more likely to motivate its supporters. This disconnect is obvious whenever specific development proposals become politically controversial. YIMBYs will come out to public meetings and cite things like the research findings out of Sweden, making an argument about the importance of supply in general terms. It's in fact more common for someone to come out and say, "I want this building to be built because we need housing as a city or as a region," than to come out and say, "I want this building to be built in my neighborhood because I really look forward to

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While there are those who devote political energies to opposing housing on more abstract grounds, often environmental or a sort of philosophical anti-development stance, these people are few. Far more numerous are those who engage in the political process specifically to say, "I don't want this in my backyard," and they really do mean "my." Often, their concerns are essentially individual, quotidian fears: *I will struggle to find parking. I will lose peace and quiet. There will be more shade on my vegetable garden in the afternoons.*

Under this same umbrella we find concerns about neighborhood gentrification, about the displacement or adverse effect on vulnerable community members that can result from development that contributes to a rapid change in the character of a place. These concerns are not self-centered in the same way as the classic "NIMBYism" of parking concerns and the like, but the shared thread is that they are typically local, not regional or universal in nature. People don't express alarm that a new "luxury" apartment building on the corner is going to transform their metro area; their protest signs and public testimonies are always about the fear that it's going to transform their *neighborhood* in a way that could harm people they care about.

Whether these fears are warranted or not, recognize that they are real and sincere. And recognize that they are not resolved, particularly at the specific, local level, by research like the findings out of Sweden we discussed above.

Such research basically says to the housing insecure, "*Statistically*, people *like* you will *probably* tend to do better" in

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Over the past century, it has become increasingly embedded in our assumptions about housing that the role of government is to guarantee stability and permanence in our neighborhoods. You even hear from people who essentially think of their neighborhood's zoning as a contract: they believe a promise has been made to them that the kinds of buildings around their home (or, implicitly, the kinds of people living in them) will not change, and that if such change is allowed, that the local government has somehow breached that contract.

This is not true in a legal sense. And it's not viable in a practical sense: we cannot have living, thriving cities with neighborhoods that do not change and evolve. We simply cannot. This is a cultural challenge that needs to be overcome.

This is the basic tension. People want guarantees. What the empirical research points to is that the way we guarantee good housing options to the greatest number of people is to have an abundant supply of housing, and to maintain that abundance through a steady rate of new building that keeps up with demand.

Sometimes those new buildings will be unaffordable to many. But the research on migration chains gives us a compelling reason to think that those who cannot immediately live in them will nonetheless benefit, and won't have to wait decades to do so.

And yet that narrative does not and cannot answer people's hyper-local concerns, which are rooted in the fact that change of any sort brings uncertainty and risk. The central argument

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broad-based incremental development. It's not enough to count housing units, to say it's good enough that a lot of apartments are being built somewhere.

To the extent that we can allow new supply to take on a broad range of forms in a very broad range of neighborhoods, that's what we need. We must ease the barriers to adding inherently less expensive forms of housing such as the missing middle and smaller units in existing neighborhoods, and we must allow small-scale incremental developers into the game. We can achieve the supply surge we need in a way that answers some—not all—of people's concerns about predictability and neighborhood continuity.

We will not and cannot satisfy those who believe they are entitled to an absolute guarantee that their block or neighborhood won't change in a way that makes them uncomfortable. That existing housing won't ever be torn down and replaced, or that the demographics of their neighborhood won't change over time. Certainty cannot be the goal of housing policy. An abundance of options in a fluid market, though, should be a primary goal.

Daniel Herriges

Daniel Herriges has been a regular contributor to Strong Towns since 2015 and is also a founding member of the organization. His work at Strong Towns focuses on housing issues, small-scale and incremental development, urban design, and lowering the barriers to entry for people to participate in creating resilient and

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Housing and Community Development.

Daniel's work with Strong Towns reflects a lifelong fascination with cities and how they work. When he's not perusing maps (for work or pleasure), he can be found exploring out-of-the-way neighborhoods on foot or bicycle. Daniel has lived in Northern California and Southwest Florida, and he now resides back in his hometown of St. Paul, Minnesota, along with his wife and two children.

Exhibit Package 1:

How Market Rate Housing Production Creates Affordable Housing

1. Minneapolis Fed study showing that every 100 new market rates units creates 70 affordable vacancies
2. Strong Towns Article describing the research that shows how the construction of market rate housing supports housing affordability
3. Siteline "musical chairs" YouTube video explaining how new market rate housing creates affordable housing opportunities
    a. https://www.youtube.com/watch?v=EQGQU0T6NBc

FEDERAL RESERVE BANK OF MINNEAPOLIS

How new apartments create opportunities for all

Market-rate rental construction in Minneapolis has freed up more affordable homes for households across the income spectrum

March 4, 2024

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Data Scientist, Community Development and Engagement

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Article Highlights

- "Chain of moves" creates vacancies across metropolitan areas
- 100 new market-rate units lead to 70 new vacancies in lower-income neighborhoods
- Increasing the housing supply is a strategy to increase housing affordability

Who benefits from new market-rate apartments? While these new units are typically occupied by households on the higher end of the income spectrum, the chain of residential moves brought about by their construction benefits many more households. Today's lower-priced rental housing was often the new, expensive rental housing of yesteryear. And it doesn't take decades for new apartments to put downward pressure on rents elsewhere in a metropolitan area. New units help keep current prices down for everyone by opening up new opportunities for low- and moderate-income renters over a few short years through a chain of residential moves.

Creating the chain

Imagine that a renter named Jim moves into a brand-new market-rate apartment. A renter named Maria moves into Jim's old unit, which is more affordable than Jim's new place. Another renter is going to move into Maria's old unit. The chain will likely continue to include several more units, each progressively older and more affordable. It will end when someone moves out on their own from a previously shared living space.

This process of new construction encouraging mobility across the income spectrum is one piece of a phenomenon known as *filtering*. Theories connecting filtering to housing affordability are generally accepted among economists. For example, economic theory predicts that housing units should be relatively more affordable when the housing supply increases, as it does when new apartments open.

Owners and managers of older properties are well aware that new supply entering a market creates new opportunities for their renters to move up. Staff at the Federal Reserve Bank of Minneapolis recently wrapped up a research project that involved interviews with 16 large-apartment owners and property managers in the Minneapolis-St. Paul metropolitan area. Regardless of whether they owned newer or older properties, these owners and managers often cited the increased housing supply in the region as a reason why rents at their properties generally had not increased very much in the past few years.

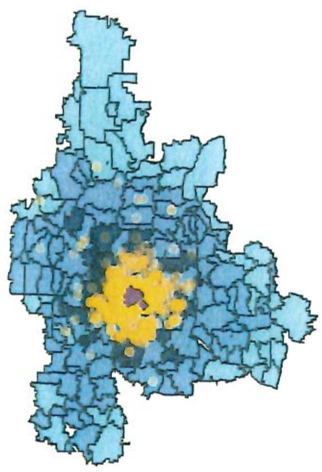
Evidence from economist Evan Mast, who is currently with the University of Notre Dame, has helped clearly track and document how filtering works at a granular level. Mast was able to precisely document the chain of moves that follows a move like Jim's. In other words, he used a data source that allowed him to see where Jim moved from, where Maria moved from, and so forth.

Mast found that these chains of moves lead to apartment openings in other neighborhoods relatively quickly. He estimated that, within five years, the aggregated chain of residential moves ultimately results in about 70 new openings for renters in lower-income neighborhoods for every 100 new market-rate apartments.

Mast's work looked at 12 metropolitan areas and includes an analysis of movers and new market-rate apartments in the Twin Cities area. Local policies and markets influence the pace of housing construction and, therefore, the scale of filtering. Mast's model suggests that relative to new construction in other metropolitan areas, new units in the Minneapolis-St. Paul metro area are even more likely to increase the availability of rental units in lower-income neighborhoods.

In the map below, the purple diamonds indicate some new apartments that opened in the metro area during Mast's study period. The gold circles show all the people who moved as a result.

Twin Cities moves spurred by market-rate apartment construction in Minneapolis, 2010–2017



Median household income
- $0-$30,000
- $30,000-$60,000
- $60,000-$90,000
- $90,000+

Residences
- Previous residence of tenant of new market-rate building
- New market-rate apartment building in Minneapolis

Note: Median household income is displayed by ZIP Code Tabulation Areas, which are geographic and statistical units the U.S. Census Bureau uses to approximate U.S. Postal Service ZIP Code delivery areas. Purple markers represent the location of market-rate apartment buildings completed from 2010 through 2017.
Sources: Household income information is from American Community Survey 2017-2021 5-Year Data. Property- and tenant-related information is from analyses presented by Evan Mast at the Fall 2019 Opportunity and Inclusive Growth Institute Conference at the Federal Reserve Bank of Minneapolis.

The map paints a picture: the moves that begin with a higher-income tenant finding a new market-rate home—perhaps one with granite countertops, stainless steel appliances, and even a view of the river in downtown Minneapolis—have a ripple effect that can spread across the entire Twin Cities region and the entire income distribution. When more units open up, there's a greater supply relative to demand and, as a result, lower rents.

Filtering varies locally

The rate at which properties filter through a housing market isn't set in stone. Lower growth in a city's housing supply leads to less filtering for *all* housing units. Unless there's a huge drop in demand for housing, cities that don't add to their housing supply will see more competition for fewer homes, and prices and rents will increase more quickly than they otherwise would.

Another example of local variation in filtering rates comes from the owner-occupied market. Analysis by Liyi Liu and others at the Federal Home Loan Mortgage Corporation shows that filtering happens more slowly in places with more restrictions on construction. In places like San Francisco, filtering can even happen in reverse. When there are few homes relative to demand, older homes are more likely to be bought by higher-income households over time. This doesn't just apply to Victorian-era mansions, but also to the less amenity-rich housing stock that used to be more accessible to first-time home buyers.

The policy context

Mast's work is part of a larger body of evidence supporting the connection between housing supply and affordability. This connection is at the center of many YIMBY, or "yes in my backyard," arguments to make housing construction easier. But skeptics may point out that higher-income households don't only move into high-income areas; in some cases, they move into lower-income neighborhoods. And new buildings can be built in lower-income areas, too. How does filtering play out in those situations?

Such questions may be motivated by concerns about gentrification-related displacement. Gentrification occurs when higher-income households move in large numbers into low-income neighborhoods. Displacement happens when home prices, rent growth, or competition from higher-income households cause low-income households to move, even if they'd rather stay put.

Strong quantitative evidence suggests that gentrification alone does not increase involuntary moves by low-income households. Mast's paper echoes research showing that high-income movers tend to create more opportunities through filtering than they take away through gentrification. His work also shows that the people who move into new housing in lower-income areas are most likely to come from other low-income neighborhoods. In a separate paper, Mast also finds that rent growth is actually slower in low-income neighborhoods after new market-rate apartments are built.

However, Mast himself notes that individual projects may have local impacts that diverge from the overall aggregate effect of filtering. In other words, details and local context matter. For example, filtering effects are likely to be smaller where rents are already relatively low and vacancy rates are already high; outside of revitalization projects, these areas are already unlikely to see much investment and new development.

Fortunately, policy need not choose between increasing housing affordability via market-rate housing production and supporting housing stability for lower-income households. Leaders across multiple sectors can play a role in creating more housing, which will lower housing prices at a market level—and for some of the most economically vulnerable people, targeted approaches like income-restricted rental subsidies are important tools for providing stable homes.

Providing opportunities for all

The overall body of evidence on filtering, gentrification, and displacement adds to the strong theoretical case that increasing the housing supply benefits households across the income spectrum. The policy implication? The easier it is to build new housing, the more opportunities low- and moderate-income households will have to experience housing affordability.

Tyler Boesch
Data Scientist, Community Development and Engagement

Tyler Boesch analyzes data, develops visualizations, and creates statistical models to help the Community Development and Engagement team understand issues affecting low- and moderate-income communities. Before joining the Bank, he was a graduate research assistant with the University of Minnesota Center for Urban and Regional Affairs.

Erik Hembre

Economist, Community Development and Engagement

Erik Hembre conducts research on homeownership, mortgage use, and related subjects to help the Community Development and Engagement team understand the effects of housing-market dynamics on low- and moderate-income communities. Prior to joining the Bank, he was an assistant professor of economics at the University of Illinois-Chicago.

REQUEST AS A SPEAKER

Ben Horowitz

Senior Policy Analyst, Community Development and Engagement

Ben Horowitz writes about policies and programs impacting affordable housing, early childhood development, and investments in low- and moderate-income communities.

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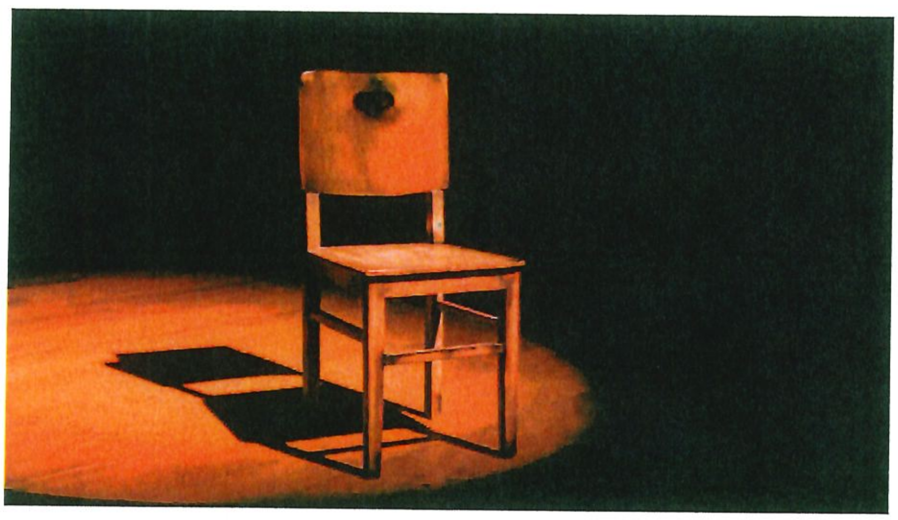
The Best Evidence Yet for the "Housing Musical Chairs" Theory

Daniel Herriges · January 3, 2024

Pre-order your copy of our upcoming book, Escaping the Housing Trap: The Strong Towns Response to the Housing Crisis, written by Charles Marohn and Daniel Herriges!



(Source: Unsplash/Allec Gomes.)

One of the most powerful analogies for understanding how the housing market works is the children's game of musical chairs. I've invoked this analogy many times since first encountering it in a 2017 viral video by Sightline Institute. You know the game: participants dance in a circle to music until the music stops, and then they rush to find a chair and sit down. The catch: there are more players than chairs. So, inevitably, someone loses.

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works something like this. People move a lot in their lives. We move because of new jobs or changed relationships. We move for better rent, a better location, because we want more space, because we can, sometimes because we must. In any case, people are moving all the time, and in aggregate, these moves play out like a giant game of musical chairs in which you win a desirable "chair" (home) not by being fast, but by being able to spend more money than others who want it.

The "musical chairs" aspect of the market means something else important. Every time a player sits in a new chair, they vacate an old one. Every time someone moves into a new home, they leave an old home available for someone else to move into. That person, in turn, must have moved out of somewhere. And so on.

This sequence of associated moves is what housing scholars call a "migration chain." These chains quickly come to connect rich and poor households, as well as people in vastly different neighborhoods. You can think of it kind of like the famous Six Degrees of Separation theory, a mathematical intuition which says that any human on earth is connected to any other through a chain of no more than six acquaintances.

The crucial implication is that more housing options for anyone means, in some sense, more housing options for everyone. You can benefit directly from the creation of a home you're never going to live in, thanks to the ripple effect that begins with the addition of a "chair" to the game of musical chairs.

A Home To Grow Old In, and No Way To Leave

Emma Durand-Wood · Jan 4, 2024

5 Shocking Statistics That Reveal the Depths of North America's Housing Crisis

Strong Towns · Jan 3, 2024

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Whether these fears are warranted or not, recognize that they are real and sincere. And recognize that they are not resolved, particularly at the specific, local level, by research like the findings out of Sweden we discussed above.

Such research basically says to the housing insecure, "*Statistically*, people *like* you will *probably* tend to do better" in

Over the past century, it has become increasingly embedded in our assumptions about housing that the role of government is to guarantee stability and permanence in our neighborhoods. You even hear from people who essentially think of their neighborhood's zoning as a contract: they believe a promise has been made to them that the kinds of buildings around their home (or, implicitly, the kinds of people living in them) will not change, and that if such change is allowed, that the local government has somehow breached that contract.

This is not true in a legal sense. And it's not viable in a practical sense: we cannot have living, thriving cities with neighborhoods that do not change and evolve. We simply cannot. This is a cultural challenge that needs to be overcome.

This is the basic tension. People want guarantees. What the empirical research points to is that the way we guarantee good housing options to the greatest number of people is to have an abundant supply of housing, and to maintain that abundance through a steady rate of new building that keeps up with demand.

Sometimes those new buildings will be unaffordable to many. But the research on migration chains gives us a compelling reason to think that those who cannot immediately live in them will nonetheless benefit, and won't have to wait decades to do so.

And yet that narrative does not and cannot answer people's hyper-local concerns, which are rooted in the fact that change of any sort brings uncertainty and risk. The central argument broad-based incremental development. It's not enough to count housing units, to say it's good enough that a lot of apartments are being built somewhere.

To the extent that we can allow new supply to take on a broad range of forms in a very broad range of neighborhoods, that's what we need. We must ease the barriers to adding inherently less expensive forms of housing such as the missing middle and smaller units in existing neighborhoods, and we must allow small-scale incremental developers into the game. We can achieve the supply surge we need in a way that answers some—not all—of people's concerns about predictability and neighborhood continuity.

We will not and cannot satisfy those who believe they are entitled to an absolute guarantee that their block or neighborhood won't change in a way that makes them uncomfortable. That existing housing won't ever be torn down and replaced, or that the demographics of their neighborhood won't change over time. Certainty cannot be the goal of housing policy. An abundance of options in a fluid market, though, should be a primary goal.

Daniel Herriges

Daniel Herriges has been a regular contributor to Strong Towns since 2015 and is also a founding member of the organization. His work at Strong Towns focuses on housing issues, small-scale and incremental development, urban design, and lowering the barriers to entry for people to participate in creating resilient and

STRONG TOWNS

Housing and Community Development.

Daniel's work with Strong Towns reflects a lifelong fascination with cities and how they work. When he's not perusing maps (for work or pleasure), he can be found exploring out-of-the-way neighborhoods on foot or bicycle. Daniel has lived in Northern California and Southwest Florida, and he now resides back in his hometown of St. Paul, Minnesota, along with his wife and two children.

siteline “musical chairs” video explaining how housing migrations chains benefit lower income people

https://www.youtube.com/watch?v=EQGQU0T6NBc

Exhibit Package 2:

Providence's Commercial Tax Rate Requires Adherence to Providence's Tax Stabilization Investment Act

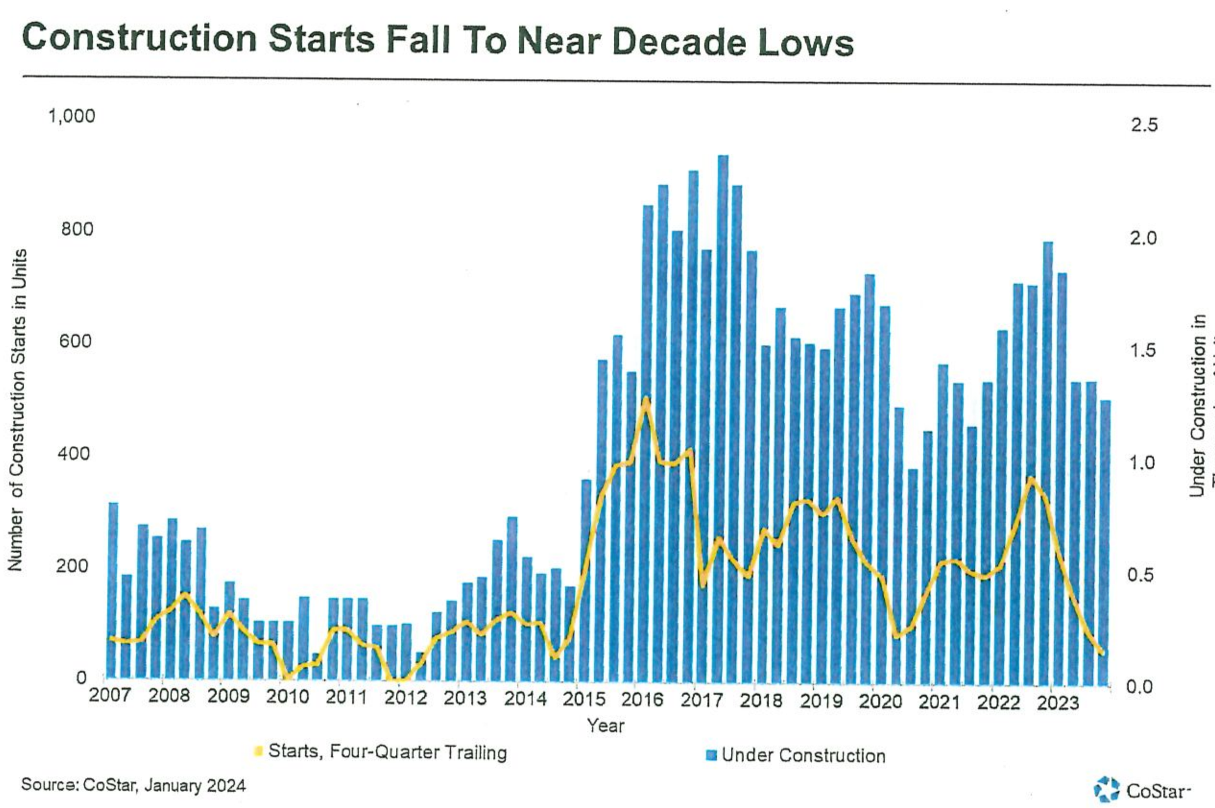
Otherwise Rent Will Rise and Municipal Revenue Will Stagnate

1. CoStar Article finding that the Multifamily Construction Pipeline in Providence is drying up that is causing and will continue to cause the some of the highest rent increases in the Country
2. PBN Article regarding how Providence Commercial Tax Rate, the rate paid by apartment buildings, is the Third Highest in the Country.
3. 2024 Rhode Island Property Tax Rates showing that Providence taxes apartments about 20% more than any other Rhode Island municipality

COSTAR INSIGHT

Multifamily Supply Pipeline Dries Up in Providence, Rhode Island

Decline in New Construction Poised To Prolong Affordability Concerns



By Gard Pecor
CoStar Analytics

January 26, 2024 | 5:02 P.M.

Construction on new apartments continues to decline in one of the nation's tightest vacancy markets as developers struggle to add new supply to the market in today's environment of elevated construction and financing costs.

At the end of the fourth quarter, just under 1,300 apartment units were under construction in the Providence, Rhode Island multifamily market, a 36% year-over-year decline. The number of under-construction units is forecast to continue to fall in the coming quarters as new groundbreakings grind to a halt.

Over the past four quarters, an average of just 59 units per quarter have broken ground in the Providence area, the lowest level since the third quarter of 2014. This marks a stark departure from four-quarter trailing construction starts seen at the end of 2022, in which Providence averaged close to 340 units in quarterly groundbreakings.

Providence's shrinking multifamily supply pipeline runs counter to demand trends. At the end of the fourth quarter, a mere 3.4% of apartments in the Providence region were vacant. When compared to the largest 100 markets in the U.S. based on inventory size, this vacancy rate ranked as the second lowest in the country, behind only New York City.

At roughly 60,000 units in the Providence metropolitan area, this translates to around 2,000 vacant units. With just over 600 units forecast to be delivered in Providence in 2024, this could continue contributing to already growing housing affordability concerns in the region.

Current market asking rents in the area average $1,830 per unit, nearly 10% above the national average of $1,670 per unit. The spread between local and national averages continues to widen as low vacancy and limited new oncoming supply allow property owners to raise rents at an accelerated rate.

At the end of the fourth quarter, annual rent growth in Providence stood at 4.6%, well above the national average of 0.9%. Among the 100 largest markets in the country, Providence ranked first in annual rent growth, a position it has held for several months. With few fundamental changes in supply and demand in sight, rent growth is forecast to continue outpacing the national average well into 2026.

Study: Providence has 3rd-highest commercial tax rate

By **Nancy Lavin** - 07/13/2022

PROVIDENCE HAD THE third-highest commercial tax rate among major cities in each state in 2021, according to a new study from the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence. / PBN FILE PHOTO

PROVIDENCE – Rhode Island's capital city holds the dubious distinction of charging one of the highest commercial property taxes among major cities nationwide, according to a new study from the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence.

The 3.53% commercial property tax rate for Rhode Island's capital city was the third-highest when compared with 52 other cities nationwide representing the largest city in each state, plus Washington, D.C., and one additional city each in New York and Illinois, according to the study published on Wednesday. Providence was also one of only three cities, along with Detroit and Chicago, with a commercial tax rate above 3%.

By comparison, the average commercial tax rate among the cities included in the analysis was 1.86%.

The rankings come on the heels of a new city tax levy for fiscal year 2023 which cut commercial tax rates by 3.5% over the prior year, though property owners will still see their tax bills increase by an average 15% due to higher property values.

The higher tax rate in Providence reflects, in part, the capital city's dependence on tax revenue to support its annual spending. Providence ranked fifth among 74 cities – including the largest in each state as well as other major metropolitan cities and select rural municipalities – for its dependence on tax revenue overall, according to the study.

However, the capital city's residential taxes aren't quite as onerous, at least for homeowners who live in their own homes and therefore get a tax break under the city's homestead exemption policy. Providence's 1.25% tax rate for owner-occupied homes in 2021 ranked 23rd and 25th, respectively, for homes valued at $150,000 and $300,000, when compared with the largest cities in each state.

Meanwhile, Providence's 1.84% industrial tax rate ranked 12th. Rhode Island also had one the largest disparities in the industrial tax rates of its largest city and a more rural municipality, Hopkinton, with the latter's tax rate representing a 48% decrease over what Providence charges. The findings echo the conclusions of a report released by the R.I. Public Expenditure Council earlier this year, which highlighted how massive disparities in municipal tax rates and policies across Rhode Island, create imbalances that ultimately hurt communities with lower property wealth.

The Lincoln Institute study cautioned that it's difficult to compare tax rates across cities and states, since policies around tax breaks for owner-occupied homes and other exemptions can differ. Also playing into the equation are the revenues from local sales and income taxes, which vary or may be absent entirely depending on the jurisdiction.

Higher tax rates also don't necessarily translate to bigger tax bills, since municipalities that charge higher rates may do so to offset lower property values, the report noted.

The report analyzed municipal property taxes for different types of properties across three groups: the largest city in each state, along with Washington, D.C., Aurora, Ill. and Buffalo, N.Y. (since Detroit and New York City calculate taxes differently), the 50 largest cities in the country regardless of state, and a rural municipality in each state.

Nancy Lavin is a PBN staff writer. Contact her at Lavin@PBN.com.

FY 2024 Rhode Island Tax Rates by Class of Property

Assessment Date December 31, 2022

Tax Roll Year 2023

Renter's Tax Rate

MUNICIPALITY	NOTES	RRE	COMM	PP	MV
BARRINGTON		$20.30	$20.30	$20.30	
BRISTOL		13.36	13.36	13.36	
BURRILLVILLE		14.39	14.39	14.39	
CENTRAL FALLS	7	18.55	28.75	38.33	
CHARLESTOWN	2	5.74	5.74	5.74	
COVENTRY	2, 6	15.33	21.55	20.65	
CRANSTON		18.90	28.35	28.35	
CUMBERLAND	2	11.62	11.62	30.88	
EAST GREENWICH		21.85	24.93	45.50	
EAST PROVIDENCE	1, 2, 7	14.76	23.03	56.81	
EXETER		14.27	14.27	14.27	
FOSTER		22.67	22.67	31.12	
GLOCESTER	2	14.25	17.08	28.50	
HOPKINTON	2	14.66	14.66	14.66	
JAMESTOWN		6.98	6.98	6.98	
JOHNSTON	2, 7	15.30	27.43	64.65	
LINCOLN	7	16.49	24.74	30.07	
LITTLE COMPTON		4.96	4.96	9.92	
MIDDLETOWN		13.53	18.70	18.70	
NARRAGANSETT	7	9.31	12.57	12.57	
NEW SHOREHAM	2, 5	6.02	6.02	6.02	
NEWPORT		10.93	14.88	14.88	
NORTH KINGSTOWN		14.34	16.28	17.85	
NORTH PROVIDENCE	2, 7	16.61	23.35	58.58	
NORTH SMITHFIELD	6	14.43	19.59	43.95	
PAWTUCKET		16.94	29.65	52.09	
PORTSMOUTH	2, 6	12.78	12.78	15.65	
PROVIDENCE	7	18.35	35.10	53.40	
RICHMOND	2	14.76	14.76	14.76	
SCITUATE		16.76	24.57	35.69	
SMITHFIELD		13.72	19.20	59.74	
SOUTH KINGSTOWN		11.05	11.05	11.05	
TIVERTON		14.90	14.90	14.90	
WARREN	2	13.66	13.66	13.66	
WARWICK	2	14.19	24.83	37.46	
WEST GREENWICH	3, 7	24.51	24.51	34.80	
WEST WARWICK	4	18.32	31.37	46.99	
WESTERLY		9.62	9.62	11.59	
WOONSOCKET	7	13.98	25.94	46.58	

Source: Division of Municipal Finance

Represents tax rate per thousand dollars of assessed value.

CLASSES:

RRE = Residential Real Estate COMM = Commercial Real Estate PP = Personal Property MV = Motor Vehicles

NOTES:

1) Rates support fiscal year 2023 for East Providence.
2) Municipality had a revaluation or statistical update effective 12/31/22.
3) West Greenwich - Vacant land taxed at $17.30 per thousand of assessed value.
4) West Warwick - Real Property taxed at four different rates: $27.41 (apartments with 6+ units); $31.37 (combination, commercial I, commercial II, industrial, commercial condo, comm./ind. vacant land, comm. buildings on leased land, utilities and rails, other vacant land); $20.07 (two to five family); $18.32 (one family residence, estates, farms, seasonal/beach property, residential vacant land, residential buildings on leased land, residential condo, time shared condo, farm/forest/open space, mobile homes, two-family owner occupied properties)
5) New Shoreham's Real and Personal Property is assessed at 80% of Fair Market Value at the time of revaluation/update. Real and Personal Property in all other municipalities is assessed at 100%.
6) Rates rounded to two decimals
7) Denotes homestead exemption available or owner occupied tax rate

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

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Providence's commercial tax rate is $35.10. Boston's is $25.27. Boston is 30% cheaper than Providence. If you calculate the average tax payment under a 10-year TSA in Providence to establish the effective tax rate of a TSA in Providence, you get $25.94. Think about that carefully.

Anyone that calls a TSA in Providence a "discount" has not looked at the facts. A Providence TSA rate is more expensive than any other standard tax rate in the state. A property with a Tax *Stabilization* Agreement in Providence *pays 3% more taxes* than a fully taxed property in Boston.

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Providence has serious financial challenges. Our schools are underfunded. Our pensions are underfunded. Our everything is underfunded. Despite all this underfunding, our taxes are already some of the highest in the country. The only way to get the revenue we so desperately need is to encourage people to increase our tax base through new construction.

I support TSAs because they are fundamentally the only policy that is guaranteed to increase our tax base over time. Until Providence can reduce its Commercial Tax Rate to $25 to be cost competitive with Boston and the rest of the state, TSAs are functionally required, otherwise the tax base will never increase because there is no market rationale to build anything here.

Every single budget season when we wish there was more money, we have to remember that our tax rate makes it illogical

for anyone to invest in our city and grow our tax base. Until we can fix that, Tax Stabilization Agreements are the only way to increase municipal revenue.

Specific to Providence, because of our tax rate, rent and construction costs relative to Boston and the rest of Rhode Island, Tax Stabilizations are literally necessary to save us from our fiscal challenges. Not every city needs TSAs, but we do. Please take the time to look at the facts, if you do, you will recognize the reality of our situation.

Sincerely,

Print Name: ARMAND LUSI

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Sincerely,

3/24/24

Print Name: Drew Johnson

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Sincerely,

Barbara Mulligan

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Print Name: Ann-Marie Houle

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Norman Houle

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3.22.24

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Steven Ferrant:

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Sincerely,

JAMES WHITNEY

Print Name:

Council President Miller,
Finance Chair Anthony,
Honorable Members of the City Council,

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Sincerely,

Nancy A. Houle

Print Name: NANCY A. Houle

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Paul W

Print Name: PAUL WILSON

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Print Name: BRADFORD LANE

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Marco Cabral

Print Name: MARCO CABRAL

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Print Name: Jonathan Pardini

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Moisés Reyes

Print Name: Moises Reyes.

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Sincerely,

Print Name:

Mastroianni, Tina

From:	Conley, Dylan <dconley@conleylawri.com>
Sent:	Wednesday, April 17, 2024 7:48 PM
To:	Helen Anthony; Anthony, Helen
Cc:	Mastroianni, Tina
Subject:	[EXTERNAL] Responses to Finance Committee Questions
Attachments:	6.2021_BHRI_self score 6.21 (1).pdf; PHA supports PVD Group.pdf; PHA Dustin Providence Living Group (1).mov

Chair Anthony, Honorable Members of the Finance Committee,

I am following up with responses to questions raised at the Finance Committee meeting. If there is any further information requested, I am happy to respond as quickly as possible. I hope this information is helpful!

180 George M. Cohan, Providence Architecture and Building Company:

- In terms of affordability:

    + RI Housing has confirmed that our application for an affordable housing grant at this location will receive more points if there is a TSA in place because financial feasibility is a critical element in their grant matrix (see attached)

    + Of note, this developer is the same developer that donated services to Open Doors to make their affordable project work at 100 Elmwood, from the Projo article "A former mansion in Providence is now housing 44 homeless women and kids. How it happened.":

    > *"As part of the agreement, Dezube and architect Kevin Diamond, who own Providence Architecture and Building Company, are donating their time to do the architectural designs to bring the building closer to compliance with existing fire codes, estimated at $50,000 worth of work. They will also oversee construction for free and will be doing the general contracting required at cost, Horton said."*

    + 125 Tobey in Providence - this is a pending zone change application which will be 100% affordable at 80% AMI, which is another affordable project being built by this developer.

    + I have also attached the support letter and video regarding this developers work with the Providence Housing Authority.

- In terms of the issue raised by the Trades: We have met with the building trades, they have no objection to this TSA, we are in agreement in principle at a larger scale for further work together. In terms of the issue raised by a member of the trades, that has been addressed and appears to be a communication error, possibly related to a disgruntled former employee. Regardless, the trades have no objection.

- In terms of the need for financing:

There is presently a $1m budget gap as a result of changes in construction costs and interest rate increases from initial projections, and this project has contemplated a TSA since our application in December of 2022

Gano Street Proposals, Bahman Jalili, Coastway:
In terms of the request for an extension:

- We are withdrawing our extension request. We have spoken with the bank. They have told us to withdraw our extension request. The bank is aware that any failure to meet the building timelines would result in the taxes being paid in full. The bank is willing to accept that risk.
- We are only building the first building at this time, but given the $20,000 application fee, we are requesting that the last 3 projects are not denied outright.
- We also wish to thank the committee for its favorable recommendation for the first building, that TSA is critical to this housing become a reality.

Dylan Conley, Esq. *quick note below*
Conley Law and Associates
123 Dyer Street, 2nd Floor
Providence, RI 02903
Office: 401-415-9835
Direct: 401-632-0598

www.conleylawri.com

Hi Everyone - a quick note on email response and connections. Due to the volume of emails and other demands on my time, we cannot assume that I have seen or read an email unless/until you receive a written response from me.

If timely, please call and please connect with the other associates in our firm:

Land Use:
Julissa Arce - JArce@conleylawri.com

East Providence, and additional Land Use Support:
Meg Bellamy - MBellamy@conleylawri.com

Prosecutions, Municipal Court, Licensing, Pawtucket Schools:
Diony Garcia - DGarcia@conleylawri.com

Litigation:
Sarah O'Toole - SOToole@conleylawri.com

Johnston, Johnston Schools, Pawtucket Schools, Westerly, Newport Schools:

William Conley - WConley@conleylawri.com

Calendaring, Office Management, Billing and Invoicing:
Candida Tejeda - CTejeda@conleylawri.com
Jeidy Par - JPar@conleylawri.com

Building Homes Rhode Island
Self-Scoring Worksheet

Please note that final scores serve as a guide for the funding committee in consideration of proposals. Other factors, not quantified in the scoring system, may be considered in making final awards.

1. **PRIORITY** (See Attachment A: BHRI Distribution Plan & Priorities) **UP TO 30 POINTS**

   A. Project Type (Up to 15 points):

Tier I	"New" Units	15 points
Tier II	"Preservation" of units at end of affordability period	10 points
Tier III	"Preservation" of units in affordability period	5 points

Projects which are combinations of program priorities must prorate the score(s) for each component.

B. Income Targeting (Up to 15 points):

A project which serves multiple income groups should prorate the score(s) to the percentage of the project which each population represents.

		Income Group Targeted	
i.	Homeownership Projects	0-80%	10 points
		81%-120%	15 points
ii.	Rental Projects	0-50%	15 points
		51%-60%	10 points
		61%-80%	5 points

2. **FEASIBIILITY** **UP TO 30 POINTS**

   A. Developer Capacity (Up to 15 points):

   i. Past Experience (Up to 5 points):

Robust list/experience team	5 points
Limited projects	2-4 points
Zero projects	0-1 points

ii. Financial Soundness (Up to 10 points):

Ratio Current Assets/Liabilities (1.2 or higher is questionable);
Ratio Cash and Cash Equivalents/Current Liabilities (.5-.75 – higher the better);
Ratio Cash and Cash Equivalents/Operating Expenses Annualized (at least 90 days);
Current Assets (minus) Current Liabilities (Positive – higher the better);
Long Term Debt (divided by) Net Assets (Measures how much operations are funded by debt);
Ratio Total Operating Expenses (divided by) Revenues and Support (1 or above concern).

Agency's "financial soundness" score will be based upon the totality of all factors listed above.

B. *Financial Feasibility (Up to 15 points):*

Based upon an analysis of the factors/criteria listed below:

Infeasible	Not considered*
Substantial Concern	0-5 points
Moderate Concern	6-10 points
Minor Concern	11-14 points
No Concern/Feasible	15 points

- Proposed Sources & Uses;
- Projects costs (construction estimates are reasonable);
- Operational feasibility;
- Availability/need for rental subsidy.
  A financially infeasible project will be eliminated from consideration.

3. READINESS TO PROCEED — UP TO 15 POINTS

A. *Other Sources Secured (Up to 10 points):*

Score is based upon the percentage of the non-BHRI sources for the project already secured. "Secured" means awarded funds formally, as documented by an award letter or contract agreement. If BHRI is the only source needed for a particular project, the maximum score should be provided. Estimated resources realized through sale of units should be considered "secured". Actual score is 10% of percentage of funding secured – For example, 50% "Secured" results in a score of 5.

B. *Site Control (Up to 5 points):*

Option Agreement	1 point
Purchase and Sale Agreement	3 points
Deed	5 points

4. COST EFFECTIVE — UP TO 20 POINTS

A. *Cost Effective (Up to 10 points):*

If a project includes commercial and residential components, the residential costs should be broken out on budget forms and used solely for these calculations. Common costs to both residential and commercial components should be prorated consistent with the percentage each category represents of the total.

Total Development Costs/Total Units

<= $275,000/unit (urban) or $325,000/unit (rural)	10 points
$275,000-$325,000/unit (urban) or $325,001-$350,000 (rural)	5 points
>$325,000/unit (urban) or $350,000 (rural)	0 points

B. *BHRI Subsidy/ "Affordable" Unit (Up to 10 points):*

If the project is not 100% "Affordable", the score should be prorated to the percentage of units which are "Affordable". To prorate, divide the total "Affordable" units by the total number of all units, then multiply the score by the result.

Request Per Unit

$25,001-$50,000/unit	10 points
$50,001-$75,000/unit	8 points
$75,001-$100,000/unit	6 points
$100,001-$125,000/unit	4 points
$125,001-$150,000/unit	2 points
>$150,000/unit	0 points

5. GEOGRAPHIC DIVERSITY **UP TO 5 POINTS**

Bonus points (5 points) provided to projects which fall in a community not yet meeting its 10% "Affordable" housing goals. Please refer to most recent Low/Moderate Income Housing chart prepared by Rhode Island Housing.

6. COMMUNITY NEEDS **UP TO 10 POINTS**

A. *Special Needs (Up to 5 Points):*
This includes projects which serve the homeless, elderly, disabled or other populations requiring specialized services.

B. *Other Factors Considered (Up to 5 points):*
Including, but not limited to:

i. Access to transportation and other services
ii. Community engagement/involvement
iii. Design (including energy efficiency, Universal design)
iv. Affordability period beyond 30 years
v. Demonstrated need for proposed project (waiting list, market analysis)

SCORING WORKSHEET

1. **<u>Meeting state priority housing needs (Priority)</u>:**
   A. Proposal addresses one or more of the program priorities (15 points) ____
   B. Income targeting (15 points) ____

2. **<u>Applicant ability to obligate and undertake eligible activities (Feasibility):</u>**
   A. Developer Capacity
      i. Past experience (5 points) ____
      ii. Financial soundness of the organization (10 points) ____
   B. Financial feasibility of the proposal (15 points) ____

3. **<u>Readiness to proceed</u>:**
   A. Other funding sources secured (10 points) ____
   B. Site control (5 points) ____

4. **<u>Cost effectiveness:</u>**
   A. Total development costs (TDC) per unit (10 points) ____
   B. BHRI subsidy per unit (10 points) ____

5. **<u>Geographic diversity:</u>**
   Provided to projects which fall in a community not yet meeting its 10% "Affordable" housing goals (5 points) ____

6. **<u>Community needs:</u>**
   A. Provided to projects that meet special needs including projects which serve the homeless, elderly, disabled or other populations requiring specialized services (5 points) ____
   B. Other factors including, but not limited to: (5 points) ____
      i. Access to transportation and other services
      ii. Community engagement/ involvement
      iii. Design (including energy efficiency, Universal design)
      iv. Affordability period beyond 30 years
      v. Demonstrated need for proposed project (waiting list, market analysis)

TOTAL (110 points) ____

Providence pha Housing Authority

PROVIDENCE HOUSING AUTHORITY
100 BROAD STREET
PROVIDENCE, RI 02903
TEL: (401) 751-6400

EQUAL HOUSING OPPORTUNITY

April 15, 2024

Hilary Franklin Affron
Asset Manager
The Providence Group
244 Weybosset Street
Providence, RI 02903

Dear Ms. Affron,

Over the past year, The Providence Group has been collaborating with The Providence Housing Authority (PHA), in connecting Housing Choice Voucher (HCV) Participants with available units in the City of Providence, RI. During this time, over 35 HCV Participants have successfully obtained a place to call home.

The Providence Group staff is welcoming, dedicated, and committed to the population that we serve. We are fortunate to have such a great resource in our community that helps with the PHA's mission of providing quality and safe affordable housing opportunities to address the needs of Rhode Island residents.

The PHA looks forward to our continued collaboration with the Providence Group, so that our current HCV participants can sustain and maintain quality and safe housing and that future participants searching for units, have options in the current highly competitive rental market.

Sincerely,

Justin Barros

Justin Barros
Director of Leased Housing
Providence Housing Authority