



MAYOR BRETT P. SMILEY
CITY OF PROVIDENCE

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8-LAW LEGISLATIVE PROPOSAL

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Importance of “8-Law”

- 8-Law is a powerful tool in our toolbox to incentivize development of low- and moderate-income housing and ensures that low-income rental housing units can operate sustainably.
- However, clarity on how the tool should be targeted, deployed, and applied is necessary.



Proposal

- Codify that tax treatment can be applied to new construction projects (not just substantial rehab).
- Clearly define “affordable” within the statute and ensure that both tenant incomes *and* rents are restricted
 - Align with state “low- and moderate-income housing” definition at RIGL 45-53-3.



Background

- City of Providence, through bill sponsors, will be introducing targeted amendments to 44-5 (Levy and Assessment of Local Taxes) to clarify applicability and qualification for what we know as “8-Law” (preferential tax treatment for affordable housing).
- 8-Law enables qualified developments to receive a deeply-discounted, preferential tax treatment (8 percent of gross potential annual rental income in lieu of the commercial tax rate) provided the development restricts either tenant incomes or rents charged.
- Amendment to state law is necessary to ensure uniformity and that the law complies with the original intent (to incentivize and ensure affordability).



Proposal

- Clarify how to apportion the tax treatment appropriately (clarifies applicability to mixed-use and mixed-income projects).
 - Ensure clarity for assessment purposes, and predictability for developers.
 - Enables municipal tax assessors to promulgate written procedures pertaining to the local application of the 8-Law program.



THANK YOU

City of Providence

