



Mayor of Providence

Brett P. Smiley

March 3, 2025

Chairman Stephen M. Casey
House Municipal Government and Housing Committee
Rhode Island State House
82 Smith St
Providence, RI 02903

Dear Chairman Casey and Honorable members of the committee:

I am writing this letter in strong support of House Bill 5688, *An Act Relating to Taxation – Levy and Assessment of Local Taxes*. If passed, this bill would establish an 8% tax rate for properties encumbered by deed restrictions for low-income housing, set at 80% or 60% of the adjusted median income established by HUD. It would also provide a tax stabilization schedule for buildings converted into residential properties, starting at 8% of rent rolls and gradually increasing over a period of thirty (30) years.

The “8-Law” tax treatment is a critical tool in the City’s efforts to enable the development and preservation of affordable housing. A project’s operating income (after taxes) is crucial in determining its financing and viability. Ensuring consistent and transparent 8-Law tax treatment by municipalities guarantees that projects in development can secure the necessary public and private financing to begin construction and operate sustainably.

This amendment introduces two primary ways to qualify for 8-Law treatment:

1. **New Construction and Substantial Rehabilitation:** The first modification will clarify and expand the applicability of 8-Law treatment to both new construction and substantial rehabilitation projects that meet defined thresholds for affordable rental housing. This ensures that 8-Law treatment will be used to incentivize the creation of affordable housing.
2. **Commercial to Residential Conversions:** The second modification allows projects that fully convert commercial properties into residential units to receive 8-Law treatment for a limited number of years, with the rate scaling up over time. This approach creates predictability for the future development of rental housing at all income levels.

Providence is facing a housing crisis, and the only way to address it is by incentivizing housing at all income levels. House Bill 5688 can play a significant role in creating new pathways for housing development to begin.

Thank you for your consideration, and I urge the committee to vote *yes* on this important piece of legislation.

Sincerely,


Brett P. Smiley
Mayor