

ARMORY
MANAGEMENT COMPANY

Chairman Casey
House Municipal Government and Housing Committee
RI General Assembly

Dear Chairman Casey and the members of the House Municipal Government and Housing Committee,

I am writing to express my support for the proposed H 5688.

As a local developer of infill development and adaptive reuse of historic structures I can attest to the demand for new homes in Rhode Island and the difficulty of getting those homes built. Strong demand can be seen in very low vacancy rates and high and rising rents and home prices as multiple bidders drive up prices. The Providence metro-region is seeing some of the highest annual percent increases in home prices and rents in the country.

Building new homes is also difficult. Construction costs have risen as quickly as rents. And even after projects are completed, desperately needed rental housing faces steep annual increases in operating expenses: utilities, insurance and, yes, property taxes. The uncertainty of how much and when costs will rise forces local builders to act conservatively and assume the worst when underwriting projects. As a result, many projects do not pencil: they are worth less when complete than it cost to build them.

Providing greater certainty about and lowering the cost of the largest single line item in our operating budgets (property taxes) will make more projects profitable and feasible: attracting more investment, creating more jobs, and building more homes.

We know you can't get something for nothing. This bill strikes a pragmatic balance between lowering costs and increasing predictability with ensuring that a large portion of new housing is affordable for families of modest means, while at the same time making it easier to convert underutilized office space into residential uses.

If I had one suggestion, it would be to clarify what projects will qualify for the adaptive reuse components—is it based on start of construction, or completion and CO. More clarity to reduce confusion at the municipal assessor level would be helpful.

If this bill is passed into law, it will be used, and it will make a difference in the housing shortage that afflicts our state. Thank you for your care and attention.

Sincerely,

Seth Zeren
Armory Management Company
334 Broadway, Providence, RI