

March 20, 2025

The Honorable Stephen M. Casey, Chair
House Municipal Government and Housing
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

RE: BILL NUMBER H-5793 – AN ACT RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Dear Chair Casey and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, I would like to express our sincere gratitude for the introduction of this important legislation, H5793, a League priority that will provide our 39 unique municipalities with an essential tool to promote housing development while maintaining fiscal responsibility.

We recognize the significant financial challenges that our members face as they work to balance budgets and meet the needs of their residents. This legislation, requested by the League, would allow municipalities to exempt new housing construction from the local annual maximum tax levy under certain conditions. Importantly, this exemption would only apply if approved by the municipality and where the new housing includes a portion of affordable units, ensuring that this policy is both fiscally responsible and aligned with Rhode Island's broader housing goals.

This legislation also includes a critical new provision to state law that considers the assessed value of new housing units added to the municipal tax base. Specifically, the definition of new housing units encompasses newly constructed residential properties, including single-family homes, multi-family dwellings, and mixed-use developments where residential units constitute at least fifty percent (50%) of the building's total square footage. Additionally, it includes existing buildings converted into residential housing units through adaptive reuse, as long as such conversions comply with all applicable zoning and building codes and contribute to the municipality's total housing stock. Modular and manufactured homes are also included under this provision.

To qualify for this exemption, a municipality must have issued over ten (10) certificates of occupancy for new residential units during the tax year. Furthermore, at least ten percent (10%) of the units in the development must be designated as low- or moderate-income housing as defined in Rhode Island law. The assessment of such units must be conducted using the same valuation methods and rates as similar units in the respective city or town. This exemption will apply for a period of three (3) years following the issuance of a certificate of occupancy.

We greatly appreciate Chairman Arthur J. Corvese's leadership in sponsoring this legislation on behalf of Rhode Island's cities and towns. His commitment to supporting municipalities as they work to address housing challenges while protecting local financial stability is truly commendable. By giving cities and towns the flexibility to incentivize housing development without further straining their resources, this legislation represents a balanced approach to addressing the state's housing needs.

Thank you again for your dedication to Rhode Island's communities and for your continued support of our cities and towns.

Sincerely,



Randy R. Rossi
Executive Director

Cc: Honorable Members of House Municipal Government and Housing