



Rachel M. Miller

Council President
Councilor – Ward 13

Representative Stephen Casey
Chair, Committee on Municipal Government and Housing
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

Chair Casey,

I am writing out of profound concern regarding H8006, which would significantly amend the state law allowing low-income housing to be assessed taxes of 8% of scheduled annual gross rental income. The original '8-law' was designed for a single purpose: to create a uniform tax for low-income housing. Its intent was not to subsidize development, but to ensure that low-income housing can remain affordable in the long-term while fairly contributing to the local tax base. As proposed, H8006 departs from that intent and undermines the taxation authority of city and town governments. While I otherwise fully support the Speaker's housing package and its strides towards affordability, I cannot support this bill as proposed.

The proposal offers a 30-year subsidy for the conversion of commercial properties to residential use by applying the tax rate intended for low-income housing. While last session's proposal included no affordability thresholds, this year's bill provides the subsidy to conversion projects only when at least 10% of units are affordable to households earning up to 120% of area median income (AMI). For a family of three in Rhode Island, 120% of AMI is \$123,480. Following the guideline that housing costs should not exceed 30% of gross income, this would equate to a monthly rent of \$3,087. Under this proposal, a ten-unit building converted from office space—with just one two-bedroom apartment rented at \$3,087 per month and nine units rented above that amount—would qualify to pay the tax rate intended for low-income housing.

Workforce housing, while critically important, is not low-income housing, and municipalities cannot afford to tax it as if it were. Conversions are highly expensive, and I support providing appropriate subsidies to enable them, provided that the granting authority rests with municipalities. Last year, the Providence City Council passed a resolution opposing this proposal for the reasons outlined above. On behalf of the Council, I urge you not to pass legislation that threatens cities' and towns' ability to raise the funds needed to provide essential public services.

The Providence City Council is a willing partner in the shared goal of increasing housing supply at all income levels, with a necessary focus on affordability. How we achieve that goal matters. This bill would enable unconscionable rents for a limited supply of workforce housing without requiring meaningful construction of affordable units. It would fundamentally undermine municipalities' authority to assess and collect fair property taxes—a responsibility that clearly rests with cities and towns. And it would subsidize the wealthiest developers in the state while shifting the burden onto homeowners and other property owners.

Appropriate amendments would align **all** buildings receiving 8-law with Low Income Housing Tax Credit (LIHTC) requirements:

- At least 20% of units are occupied by tenants with an income of 50% or less of AMI; or
- At least 40% of units are occupied by tenants with an income of 60% or less of AMI; or

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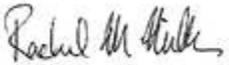
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- At least 40% of units are occupied by tenants with incomes averaging no more than 60% of AMI, and no units are occupied by tenants with incomes greater than 80 percent of AMI; and
- Rents not exceed 30 percent of either 50 or 60 percent of AMI, depending on the share of tax-credit rental units in the project.

These provisions would ensure that this low-income tax treatment is applied as intended—to support low-income housing—while other incentives are used to subsidize commercial-to-residential development. Tax stabilization agreements provide a clear and established framework that would be more appropriate for supporting adaptive reuse and can be adjusted by municipalities if they are not functioning effectively in their current form.

H8006, as proposed, shifts away from a contentious but workable policy toward a vastly different and harmful model of subsidization at the expense of municipalities and their residents—particularly those who would still be unable to afford units in qualifying developments. I urge you not to support H8006 as proposed, and I stand ready as a partner in getting this critical policy right.

Sincerely,



Rachel M. Miller
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