



March 31, 2026

The Honorable Stephen Casey
Chair, House Municipal Government and Housing Committee
Rhode Island State House
Providence, Rhode Island 02903

Re: House Bill 8142

Dear Chair Casey, First Vice Chair Fogarty, Second Vice Chair Speakman, and Distinguished Committee Members,

The Rhode Island Housing and Mortgage Finance Corporation (RIHousing) respectfully submits the following concerns with House Bill 8142. House Bill 8142, *An Act Relating to State Affairs and Government – Residential Reuse Incentive Act*, would create a new Residential Reuse Incentive Program administered by RIHousing to provide low-interest loans, subordinate debt, equity investments, or competitive grants to qualifying development projects.

RIHousing strongly supports the goal of incentivizing the conversion of vacant or underutilized buildings into housing. We have financed many such developments, including Millrace, a recently completed mixed-income development in Woonsocket which converted an old mill complex into 70 apartments. Legislation that the General Assembly has passed in recent years has significantly reduced barriers to this kind of residential conversion.

However, we have a number of concerns with how this proposed program would be structured. First, the proposed program is not targeted specifically to adaptive reuse- it could be used to finance a wide range of developments. Next the affordability targets in the bill (20% of units affordable or 10% of units are affordable at 50% AMI) do not align with the affordability ratios required under the federal Low Income Housing Tax Credit program- a critical resource for funding this kind of project.

The legislation would also require prevailing wage for projects over \$25 million, the use of contractors with apprenticeship programs for projects over \$10 million and senior debt co-investment from a union pension fund or co-mingled fund of union pension fund investments. These requirements would significantly increase the cost of development, while limiting the number of contractors that could undertake the work at a time when Rhode Island is already facing high development costs and labor shortages.

Finally, in awarding funding, the bill prioritizes projects developed through partnerships between an employer or association of employers of health or education workers in need of housing, and a labor union or association of labor unions representing the health or education workers, to provide health

or education workers with rental or homeownership opportunities. This kind of targeting of tenants eligible to live in assisted units raises potential Fair Housing concerns and may not be allowed by other state or federal housing financing programs that would be needed to fill financing gaps.

There is no question that adaptive reuse projects can be complicated and expensive, and RIHousing would support dedicating additional resources to facilitating these kinds of conversions. However, we believe that the program structure proposed in the bill could actually increase the cost and complexity of these developments and would not align well with the other housing programs that would be needed to finance this kind of project.

For these reasons, we cannot support House Bill 8142 as written.

Sincerely,



Carol Ventura
Executive Director, RIHousing