



March 12, 2024

The Honorable Steven Casey
House Municipal Government and Housing Committee
Rhode Island State House
82 Smith St
Providence RI, 02903

RE: House Bill Number: H7651 Relating to Taxation – Levy and Assessments of Local Taxes

Dear Chairman Casey and Honorable Members of the Municipal Government and Housing Committee:

I am writing to express our support for House Legislation 7651, which addresses taxation of low-income housing. This legislation represents a critical step towards clarifying and improving the tax treatment of affordable housing units in Rhode Island.

House Bill 7651 seeks to provide much-needed clarity by specifying that only residential properties and new or rehabilitated residential affordable housing units will be subject to the tax under § 44-5-13.11. This clarification is essential to ensure that the tax benefit created by this statute is directed towards properties that align with the intent of the legislation.

Furthermore, this bill ensures that only units classified as low and moderate income, as defined by the Low and Moderate-Income Housing Act, will be eligible for the tax benefit. By restricting eligibility to properties that meet specific criteria, the legislation ensures fairness and targets support towards those most in need of affordable housing options.

Importantly, House Bill 7651 prohibits commercial development from qualifying for this treatment, thereby safeguarding the integrity of the tax incentive and focusing resources on residential affordable housing projects. This measure is crucial in ensuring that resources are directed towards addressing the pressing issue of housing affordability in our state.

Moreover, the legislation expands eligibility for the tax treatment to include new construction projects that provide accessible and affordable housing units. By allowing this incentive to apply to new construction projects, the bill encourages the development of much-needed affordable housing units across Rhode Island.

As our state grapples with a national housing crisis, it is imperative that we take proactive steps to encourage the development of affordable housing units while safeguarding the interests of local municipalities. House Bill 7651 represents a balanced approach to addressing this challenge, promoting affordable housing development while ensuring responsible use of tax incentives.

On behalf of the League of Cities and Towns thank you for allowing me the opportunity to express our views.

Sincerely,

David M. Bodah
Associate Director

Cc: Municipal Government and Housing Committee
Ernie Almonte, Executive Director, RILCT