



March 12, 2024

The Honorable Steve M. Casey  
Chair, House Municipal Government and Housing Committee  
Rhode Island State House, 82 Smith Street, Providence, Rhode Island 02903

**RE: Support for HB 7651** – An Act Relating to Taxation – Levy and Assessment of Local Taxes

Dear Chair Casey and Members of the Committee,

On behalf of ONE Neighborhood Builders, a statewide housing and community development organization based in Providence, I write to offer recommended revisions to House Bill 7651, which would amend the law commonly known as the “8 Law.”

I appreciate Mayor Smiley’s attention to this law and the necessity to clarify the law’s intent, which is to provide a standardized and predictable operating expense that will ultimately support the development of affordable housing. This bill, as written, would require all municipalities to apply the 8 Law to all new construction and rehabilitated rental apartments that are deed-restricted to households with an initial income not to exceed 80% of Area Median Income (AMI), and therefore considered low-income under RI General Law § 45-53-3.

While I fully support HB 7651’s intention to ensure all municipalities adhere to the 8 Law and that it be applied to new construction and renovated residential, deed-restricted rental properties equally, I do not support the capping of the 8 Law to households earning up to 80% of AMI.

Households who are sometimes referred to as the “missing middle” or having “modest income” or living in “workforce housing” are those who earn between 81 and 120% of AMI (for a family of four in Rhode Island, this would be an annual income from \$83,400 to \$125,160). Rhode Island has recently advanced a policy to encourage development of this bracket of affordable rental housing and has provided capital subsidies accordingly.

While Rhode Island’s most acute affordable housing supply gap is for the lowest income households, there is also a pressing need to build and reserve housing for this “modest income” community. In fact, the ability to develop a mixed-income apartment building with units reserved for households earning from 30 to 120% of AMI is in the state’s best interest as the ability for the higher rents to cross-subsidize the lower rents makes for a more financially viable development.

I respectfully ask that the Committee seek to modify HB 7651 to assertively enable municipalities to apply 8 Law to deed-restricted apartments for households earning up to 120%

of AMI so long as at least 80% of the apartments in the residential development are deed-restricted up to 80% AMI.

In my opinion, as written, HB 7651 would prohibit municipalities from applying 8 Law to any rental apartments that are deed-restricted over 80% of AMI. Such a prohibition would discourage the development of “workforce housing” and be contrary to Rhode Island’s housing agenda.

Additionally, I would also like to propose that the 8 Law commence upon the construction phase of development. As presently written, HB 7651 authorizes the application of the 8 Law once the property receives an occupancy permit. Reducing the property tax burden during the construction period is an important development incentive and will reduce the total cost of construction.

Access to quality housing that a household can afford is necessary for every Rhode Islander. Our housing crisis is significant, but we know how to address it. Thus, Rhode Island must leverage every tool available to us to produce, preserve, and protect affordable housing at the scale we need.

Rhode Island [had](#) the lowest per capita rate of new housing construction of any U.S. state in 2022, and Rhode Island [has](#) a massive shortage of affordable rental homes. Tax incentives, such as the 8 Law, encourage developers to create rental housing for Rhode Islanders earning the lowest incomes.

Our state legislature has a critical role to play in incentivizing the development of quality, safe, and affordable housing for Rhode Islanders. Speaker Shekarchi, Representative Diaz, and the entire House of Representatives have prioritized housing production and affordability as two of the most important policy issues our state must address. The House’s leadership on this issue is moving our state forward in a meaningful way, but since these problems are large and complex, we need to continue to advance multi-pronged solutions.

Thank you for your consideration.

Sincerely,



Jennifer Hawkins  
President & CEO, ONE Neighborhood Builders