

ARTICLE 14 AS AMENDED

RELATING TO HOUSING

SECTION 1. Chapter 42-51 of the General Laws entitled "Governor's Commission on Disabilities" is hereby amended by adding thereto the following section:

42-51-13. Livable home modification program.

(a) There is hereby established the livable home modification program for home modification and accessibility enhancements to construct, retrofit, and/or renovate residences to allow individuals with significant disabilities to remain in community settings.

(b) Any eligible resident who retrofits or hires an individual to retrofit an existing residence; provided that, such retrofitting meets the qualification criteria and guidelines as established by the commission, shall be eligible for a livable home modification grant of fifty percent (50%) of the total amount spent, not to exceed an amount annually appropriated by the commission in accordance with § 35-3-24.

(c) The commission is authorized and directed to issue regulations regarding:

(1) Income eligibility and other qualifications for a grant;

(2) Application guidelines;

(3) The maximum reimbursement;

(4) Filing claims for reimbursement; and

(5) Appeal procedures for applicants who are determined to be ineligible.

(d) By August 15 of each year, the commission shall submit an annual report to the governor, speaker of the house, senate president and chairpersons of the house and senate finance committees for the period from July 1 to June 30 on the actual;

(1) Number of grants issued to qualifying individuals;

(2) Number of applications which did not qualify;

(3) Total dollar amount of grants issued;

(4) Average dollar amount of the grants issued;

(5) Number of retrofits by accessibility features; and

(6) Prognosis for the individual if the retrofit had not been made which shall determine:

(i) Increased likelihood of falls and other related emergency room, hospital and/or rehabilitation expenses;

- 1 (ii) Loss of independence; and
2 (iii) Move into a long-term care facility.

3 SECTION 2. Section 42-64.19-3 of the General Laws in Chapter 42-64.19 entitled
4 "Executive Office of Commerce" is hereby amended to read as follows:

5 **42-64.19-3. Executive office of commerce.**

6 (a) There is hereby established within the executive branch of state government an
7 executive office of commerce effective February 1, 2015, to serve as the principal agency of the
8 executive branch of state government for managing the promotion of commerce and the economy
9 within the state and shall have the following powers and duties in accordance with the following
10 schedule:

11 (1) On or about February 1, 2015, to operate functions from the department of business
12 regulation;

13 (2) On or about April 1, 2015, to operate various divisions and functions from the
14 department of administration;

15 (3) On or before September 1, 2015, to provide to the Senate and the House of
16 Representatives a comprehensive study and review of the roles, functions, and programs of the
17 department of administration and the department of labor and training to devise recommendations
18 and a business plan for the integration of these entities with the office of the secretary of commerce.
19 The governor may include such recommendations in the Fiscal Year 2017 budget proposal; and

20 (4) On or before July 1, 2021, to provide for the hiring of a deputy secretary of commerce
21 and housing, who shall report directly to the secretary of commerce. The deputy secretary of
22 commerce and housing shall:

23 (i) Prior to hiring, have completed and earned a minimum of a master's graduate degree in
24 the field of urban planning, economics, or a related field of study or possess a juris doctor law
25 degree. Preference shall be provided to candidates having earned an advanced degree consisting of
26 an L.L.M. Law degree or Ph.D in urban planning or economics. Qualified candidates must have
27 documented five (5) years full-time experience employed in the administration of housing policy
28 and/or development.

29 (ii) Be responsible for overseeing all housing initiatives in the state of Rhode Island and
30 developing a housing plan, including, but not limited to, the development of affordable housing
31 opportunities to assist in building strong community efforts and revitalizing neighborhoods;

32 (iii) Coordinate with all agencies directly related to any housing initiatives including, but
33 not limited to, the Rhode Island housing and mortgage finance corporation, coastal resources
34 management council (CRMC), and state departments including, but not limited to, the department

1 of environmental management (DEM), the department of business regulation (DBR), the
2 department of transportation (DOT) and statewide planning; and

3 (iv) Coordinate with the housing resources commission to formulate an integrated housing
4 report to include findings and recommendations to the governor, speaker of the house, senate
5 president, each chambers' finance committee, and any committee whose purview is reasonably
6 related, including, but not limited to, issues of housing, municipal government, and health on or
7 before December 31, 2021, and annually thereafter which report shall include, but not be limited
8 to, the following:

9 (A) The total number housing units in the state with per community counts, including the
10 number of Americans with Disabilities Act compliant special needs units.

11 (B) The occupancy and vacancy rate of the units referenced in (A).

12 (C) The change in the number of units referenced in (A), for each of the prior three (3)
13 years in figures and as a percentage.

14 (D) The number of net new units in development and number of units completed since the
15 prior report.

16 (E) For each municipality the number of single family, two (2) family, and three (3) family
17 units, and multi-unit housing delineated sufficiently to provide the lay reader a useful description
18 of current conditions, including a statewide sum of each unit type.

19 (F) The total number of units by income type.

20 (G) A projection of the number of status quo units.

21 (H) A projection of the number of units required to meet housing formation trends.

22 (I) A comparison of regional and other similarly situated state funding sources which
23 support housing development including a percentage of private, federal, and public support.

24 (J) A reporting of unit types by number of bedrooms for rental properties including an
25 accounting of all:

26 (I) Single family units;

27 (II) Accessory dwelling units;

28 (III) Two (2) family units;

29 (IV) Three (3) family units;

30 (V) Multi-unit sufficiently delineated units;

31 (VI) Mixed use sufficiently delineated units; and

32 (VII) Occupancy and Vacancy rates for the prior three (3) years.

33 (K) A reporting of unit types by ownership including an accounting of all:

34 (I) Single family units;

- 1 (II) Accessory dwelling units;
- 2 (III) Two (2) family units;
- 3 (IV) Three (3) family units;
- 4 (V) Multi-unit sufficiently delineated units;
- 5 (VI) Mixed use sufficiently delineated units; and
- 6 (VII) Occupancy and Vacancy rates for the prior three (3) years.
- 7 (L) A reporting of the number of applications submitted or filed for each community
8 according to unit type and an accounting of action taken with respect to each application to include,
9 approved, denied, appealed, approved upon appeal, and if approved, the justification for each
10 approval.
- 11 (M) A reporting of permits for each community according to affordability level that were
12 sought, approved, denied, appealed, approved upon appeal, and if approved, the justification for
13 each approval.
- 14 (N) A reporting of affordability by municipality which shall include the following:
- 15 (I) The percent and number of units of extremely low, very low, low, moderate, fair market
16 rate, and above market rate units; including the average and median costs of those units.
- 17 (II) The percent and number of units of extremely low, very low, low and moderate income
18 housing units required to satisfy the ten percent (10%) requirement pursuant to chapter 24 of title
19 45; including the average and median costs of those units.
- 20 (III) The percent and number of units for the affordability levels above moderate income
21 housing, including a comparison to fair market rent and fair market homeownership; including the
22 average and median costs of those units.
- 23 (IV) The percentage of cost burden by municipality with population equivalent.
- 24 (V) The percentage and number of home financing sources, including all private, federal,
25 state, or other public support.
- 26 (VI) The cost growth for each of the previous five (5) years by unit type at each
27 affordability level, by unit type.
- 28 (O) A reporting of municipal healthy housing stock by unit type and number of bedrooms
29 and provide an assessment of the state's existing housing stock and enumerate any risks to the public
30 health from that housing stock, including, but not limited to, the presence of lead, mold, safe
31 drinking water, disease vectors (insects and vermin), and other conditions which are an identifiable
32 health detriment. Additionally, the report shall provide the percentage of the prevalence of health
33 risks by age of the stock for each community by unit type and number of bedrooms.
- 34 (P) A recommendation shall be included with the report required under this section which

1 shall provide consideration to any and all populations, ethnicities, income levels, and other relevant
2 demographic criteria determined by the deputy secretary, and with regard to any and all of the
3 criteria enumerated elsewhere in the report separately or in combination, provide recommendations
4 to resolve any issues which provide an impediment to the development of housing, including
5 specific data and evidence in support for the recommendation. All data and methodologies used to
6 present evidence are subject to review and approval of the chief of revenue analysis, and that
7 approval shall include an attestation of approval by the chief to be included in the report.

8 (b) In this capacity, the office shall:

9 (1) Lead or assist state departments and coordinate business permitting processes in order
10 to:

11 (i) Improve the economy, efficiency, coordination, and quality of the business climate in
12 the state;

13 (ii) Design strategies and implement best practices that foster economic development and
14 growth of the state's economy;

15 (iii) Maximize and leverage funds from all available public and private sources, including
16 federal financial participation, grants and awards;

17 (iv) Increase public confidence by conducting customer centric operations whereby
18 commercial enterprise are supported and provided programs and services that will grow and nurture
19 the Rhode Island economy; and

20 (v) Be the state's lead agency for economic development.

21 (2) Provide oversight and coordination of all housing initiatives in the state of Rhode
22 Island.

23 (c) The office shall include the office of regulatory reform and other administration
24 functions which promote, enhance or regulate various service and functions in order to promote the
25 reform and improvement of the regulatory function of the state.

26 SECTION 3. Chapter 42-128 of the General Laws entitled "Housing Resources Act of
27 1998" is hereby amended by adding thereto the following sections:

28 **42-128-2.1. Housing Production Fund.**

29 (a) There is hereby established a restricted receipt account within the general fund of the
30 state, to be known as the housing production fund. Funds from this account shall be administered
31 by the Rhode Island housing and mortgage finance corporation, subject to program and reporting
32 guidelines adopted by the coordinating committee of the Rhode Island housing resources
33 commission for housing production initiatives, including:

34 (1) Financial assistance by loan, grant, or otherwise, for the planning, production, or

1 preservation of affordable housing in Rhode Island for households earning not more than eighty
2 percent (80%) of area median income; and

3 (2) Technical and financial assistance for cities and towns to support increased local
4 housing production, including by reducing regulatory barriers and through the housing incentives
5 for municipalities program; and

6 (b) In administering the housing production fund, the Rhode Island housing and mortgage
7 finance corporation shall give priority to households either exiting homelessness or earning not
8 more than thirty percent (30%) of area median income.

9 SECTION 4. Sections 42-128-2 and 42-128-11 Chapter 42-128 of the General Laws
10 entitled "Housing Resources Act of 1998" are hereby amended to read as follows.

11 **42-128-2. Rhode Island housing resources agency created.**

12 There is created within the executive department a housing resources agency with the
13 following purposes, organization, and powers:

14 (1) Purposes:

15 (i) To provide coherence to the housing programs of the state of Rhode Island and its
16 departments, agencies, commissions, corporations, and subdivisions.

17 (ii) To provide for the integration and coordination of the activities of the Rhode Island
18 housing and mortgage finance corporation and the Rhode Island housing resources commission.

19 (2) Coordinating committee – Created – Purposes and powers:

20 (i) The coordinating committee of the housing resources agency shall be comprised of the
21 chairperson of the Rhode Island housing and mortgage finance corporations; the chairperson of the
22 Rhode Island housing resources commission; the director of the department of administration, or
23 the designee of the director; and the executive director of the Rhode Island housing and mortgage
24 finance corporation. The chairperson of the Rhode Island housing resources commission shall be
25 chairperson of the coordinating committee.

26 (ii) The coordinating committee shall:

27 (a) develop and shall implement, with the approval of the Rhode Island housing and
28 mortgage finance corporation and the Rhode Island housing resources commission, a memorandum
29 of agreement describing the fiscal and operational relationship between the Rhode Island housing
30 and mortgage finance corporation and the Rhode Island housing resources commission and shall
31 define which programs of federal assistance will be applied for on behalf of the state by the Rhode
32 Island housing and mortgage finance corporation and the Rhode Island housing resources
33 commission.

34 (b) is authorized and empowered to negotiate and to enter into contracts and cooperative

1 agreements with agencies and political subdivisions of the state, not-for-profit corporations, for
2 profit corporations, and other partnerships, associations and persons for any lawful purpose
3 necessary and desirable to effect the purposes of this chapter, subject to the provisions of chapter 2
4 of title 37 as applicable.

5 (3) There is hereby established a restricted receipt account within the general fund of the
6 state. Funds from this account shall be used to provide for housing and homelessness initiatives
7 including housing production, the lead hazard abatement program, housing rental subsidy, housing
8 retention assistance, and homelessness services and prevention assistance ~~with priority given to~~
9 ~~homeless veterans and homeless prevention assistance and housing retention assistance~~ with
10 priority to veterans.

11 **42-128-11. Executive director – Employees.**

12 The ~~commission~~ governor shall appoint from qualified candidates, with the advice of the
13 coordinating committee, an executive director, who shall not be subject to the provisions of chapter
14 4 of title 36, and who shall serve as the state housing commissioner and may also serve in the
15 executive office of commerce as the deputy secretary of housing. ~~The commission shall set the~~
16 ~~compensation and the terms of employment of the executive director.~~ The commission shall also
17 cause to be employed such staff and technical and professional consultants as may be required to
18 carry out the powers and duties set forth in this chapter. All staff, including the executive director,
19 may be secured through a memorandum of agreement with the Rhode Island housing and mortgage
20 finance corporation, or any other agency or political subdivision of the state with the approval of
21 the relevant agency or political subdivision, as provided for in § 42-128-2(2)(ii). Any person who
22 is in the civil service and is transferred to the commission may retain civil service status.

23 SECTION 5. Title 42 of the General Laws entitled "State Affairs and Government" is
24 hereby amended by adding thereto the following chapter:

25 CHAPTER 42-128.4

26 HOUSING INCENTIVES FOR MUNICIPALITIES

27 **42-128.4. Short title.**

28 This chapter shall be known as "Housing Incentives for Municipalities."

29 **42-128.4-2. Establishment of program.**

30 There is hereby established a housing incentive for municipalities program to be
31 administered as set forth in section 42-128-2.1, in consultation with the division of statewide
32 planning and the Rhode Island housing and mortgage finance corporation.

33 **42-128.4-4. Purposes.**

34 The coordinating committee is authorized and empowered to carry out the program for the

1 following purposes:

2 (a) To foster and maintain strong collaborations with municipalities in the state.

3 (b) To support and assist municipalities in promoting housing production that adequately
4 meets the needs of Rhode Island's current and future residents.

5 (c) To make diverse, high-quality, and accessible housing options readily available to
6 residents within their local communities.

7 (d) To enable residents to live near convenient public transit and other commercial and
8 cultural resources.

9 (e) To make development decisions fair, predictable, and cost effective.

10 (f) To foster distinctive, attractive, and resilient communities, while preserving the state's
11 open space, farmland, and natural beauty.

12 **42-128.4-4. Definitions.**

13 As used in this chapter:

14 (1) "The coordinating committee" means the Rhode Island housing resources coordinating
15 committee established pursuant to § 42-128-2(2).

16 (2) "Eligible locations" means an area designated by the coordinating committee as a
17 suitable site for a housing incentive district by virtue of its infrastructure, existing underutilized
18 facilities, or other advantageous qualities, including (i) proximity to public transit centers, including
19 commuter rail, bus, and ferry terminals; or (ii) proximity to areas of concentrated development,
20 including town and city centers or other existing commercial districts.

21 (3) "Eligible student" means an individual that (i) lives in a newly constructed dwelling
22 unit within a housing incentive district, to the extent that the unit could not have been realized under
23 the underlying zoning, and (ii) attends a school in the city or town.

24 (4) "School impact offset payments" means a payment to a city or town to help offset
25 increased municipal costs of educating eligible students.

26 (5) "Housing incentive district" means an overlay district adopted by a city or town
27 pursuant to this chapter. A housing incentive district is intended to encourage residential
28 development and must permit minimum residential uses. A housing incentive district may
29 accommodate uses complimentary to the primary residential uses, as deemed appropriate by the
30 adopting city or town; however, the majority of development on lots within a housing incentive
31 district must be residential. Land development plans within a housing incentive district shall be
32 treated as minor land development plans, as defined by § 45-23-32, unless otherwise specified by
33 ordinance.

34 **42-128.4-5. Adoption of housing incentive districts.**

1 (a) In its zoning ordinance, a city or town may adopt a housing incentive district in any
2 eligible location.

3 (b) The adoption, amendment, or repeal of such ordinance shall be in accordance with the
4 provisions of chapter 45-24.

5 (c) A housing incentive district shall comply with this chapter and any minimum
6 requirements established by the coordinating committee.

7 (d) The zoning ordinance for each housing incentive district shall specify the procedure for
8 land development and subdivision review within the district in accordance with this chapter and
9 the regulations of the coordinating committee.

10 (e) Nothing in this chapter shall affect a city or town's authority to amend its zoning
11 ordinances under chapter 45-24.

12 **42-128.4-6. Assistance to municipalities.**

13 (a) The coordinating committee is authorized and empowered, at its discretion, to provide
14 all manner of support and assistance to municipalities in connection with fostering local housing
15 production, including, but not limited to:

16 (1) Providing technical assistance for the preparation, adoption, or implementation of laws,
17 regulations, or processes related to residential development; and

18 (2) Authorizing the Rhode Island housing and mortgage finance corporation to issue school
19 impact offset payments to participating municipalities.

20 **42-128.4-7. Rules and regulations - Reports.**

21 (a) The coordinating committee is hereby authorized to promulgate such rules and
22 regulations as are necessary to fulfill the purposes of this chapter, including, but not limited to,
23 provisions relating to: application criteria; eligible locations for housing incentive districts;
24 minimum requirements for housing incentive districts; eligible students for the calculation
25 of school impact offset payments; and the amount and method of payment to cities and towns
26 for school impact offset payments.

27 (b) The coordinating committee shall include in its annual report information on the
28 commitment and disbursement of funds allocated under the program. The report shall be provided
29 to the governor, the secretary of commerce, speaker of the house of representatives and the
30 president of the senate.

31 **42-128.4-8. Program integrity.**

32 Program integrity being of paramount importance, the coordinating committee shall
33 establish procedures to ensure ongoing compliance with the terms and conditions of the program
34 established herein, including procedures to safeguard the expenditure of public funds and to ensure

1 that the funds further the purposes of the program.

2 **42-128.4-9. Cooperation.**

3 Any department, agency, council, board, or other public instrumentality of the state shall
4 cooperate with the coordinating committee in relation to the implementation, execution and
5 administration of the program created under this chapter.

6 SECTION 6. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate
7 Conveyance Tax" is hereby amended to read as follows:

8 **44-25-1. Tax imposed – Payment – Burden.**

9 (a) There is imposed, on each deed, instrument, or writing by which any lands, tenements,
10 or other realty sold is granted, assigned, transferred, or conveyed to, or vested in, the purchaser or
11 purchasers, or any other person or persons, by his or her or their direction, or on any grant,
12 assignment, transfer, or conveyance or such vesting, by such persons which has the effect of making
13 any real estate company an acquired real estate company, when the consideration paid exceeds one
14 hundred dollars (\$100), a tax at the rate of two dollars and thirty cents (\$2.30) for each five hundred
15 dollars (\$500), or fractional part of it, ~~that~~ is paid for the purchase of property or the interest in an
16 acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the
17 time of the sale, grant, assignment, transfer or conveyance or vesting occurs, or in the case of an
18 interest in an acquired real estate company, a percentage of the value of such lien or encumbrance
19 equivalent to the percentage interest in the acquired real estate company being granted, assigned,
20 transferred, conveyed or vested), ~~which.~~ The tax is payable at the time of making, the execution,
21 delivery, acceptance or presentation for recording of any instrument affecting such transfer grant,
22 assignment, transfer, conveyance or vesting. In the absence of an agreement to the contrary, the tax
23 shall be paid by the grantor, assignor, transferor or person making the conveyance or vesting.

24 (b) In addition to the tax imposed by paragraph (a), there is imposed, on each deed,
25 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
26 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or
27 her or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
28 persons which has the effect of making any real estate company an acquired real estate company,
29 when the consideration paid exceeds eight hundred thousand dollars (\$800,000), a tax at the rate of
30 two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500), or fractional part of it, of
31 the consideration in excess of eight hundred thousand dollars (\$800,000) that is paid for the
32 purchase of property or the interest in an acquired real estate company (inclusive of the value of
33 any lien or encumbrance remaining at the time of the sale, grant, assignment, transfer or conveyance
34 or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of

1 the value of such lien or encumbrance equivalent to the percentage interest in the acquired real
2 estate company being granted, assigned, transferred, conveyed or vested). The tax imposed by this
3 paragraph shall be paid at the same time and in the same manner as the tax imposed by paragraph
4 (a).

5 (b) In the event no consideration is actually paid for the lands, tenements, or realty, the
6 instrument or interest in an acquired real estate company of conveyance shall contain a statement
7 to the effect that the consideration is such that no documentary stamps are required.

8 ~~(c) The tax administrator shall contribute~~

9 (d) The tax shall be distributed as follows:

10 (i) With respect to the tax imposed by paragraph (a): the tax administrator shall contribute
11 to the distressed community relief program the sum of thirty cents (\$.30) per two dollars and thirty
12 cents (\$2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
13 housing resources commission restricted receipts account the sum of thirty cents (\$.30) per two
14 dollars and thirty cents (\$2.30) of the face value of the stamps. Funds will be administered by the
15 office of housing and community development, through the housing resources commission. The
16 state shall retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the
17 municipality collecting the tax.

18 (ii) With respect to the tax imposed by paragraph (b): the tax administrator shall contribute
19 the entire tax to the housing production fund established pursuant to § 42-128-2.1.

20 (iii) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment or
21 conveyance or vesting with respect to an acquired real estate company, the tax shall be collected
22 by the tax administrator and shall be distributed to the municipality where the real estate owned by
23 the acquired real estate company is located provided, however, in the case of any such tax collected
24 by the tax administrator, if the acquired real estate company owns property located in more than
25 one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the
26 proportion the assessed value of said real estate in each such municipality bears to the total of the
27 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.
28 Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax
29 administrator shall deposit as general revenues the sum of ninety cents (\$.90) per two dollars and
30 thirty cents (\$2.30) of the face value of the stamps. The balance of the tax on the purchase of
31 property shall be retained by the municipality collecting the tax. The balance of the tax on the
32 transfer with respect to an acquired real estate company, shall be collected by the tax administrator
33 and shall be distributed to the municipality where the property for which interest is sold is
34 physically located. Provided, however, that in the case of any tax collected by the tax administrator

1 with respect to an acquired real estate company where the acquired real estate company owns
2 property located in more than one municipality, the proceeds of the tax shall be allocated amongst
3 the municipalities in proportion that the assessed value in any such municipality bears to the
4 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

5 (d) For purposes of this section, the term "acquired real estate company" means a real estate
6 company that has undergone a change in ownership interest if (i) such change does not affect the
7 continuity of the operations of the company; and (ii) the change, whether alone or together with
8 prior changes has the effect of granting, transferring, assigning or conveying or vesting, transferring
9 directly or indirectly, 50% or more of the total ownership in the company within a period of three
10 (3) years. For purposes of the foregoing subsection (ii) hereof, a grant, transfer, assignment or
11 conveyance or vesting, shall be deemed to have occurred within a period of three (3) years of
12 another grant(s), transfer(s), assignment(s) or conveyance(s) or vesting(s) if during the period the
13 granting, transferring, assigning or conveying or party provides the receiving party a legally binding
14 document granting, transferring, assigning or conveying or vesting said realty or a commitment or
15 option enforceable at a future date to execute the grant, transfer, assignment or conveyance or
16 vesting.

17 (e) A real estate company is a corporation, limited liability company, partnership or other
18 legal entity which meets any of the following:

19 (i) Is primarily engaged in the business of holding, selling or leasing real estate, where 90%
20 or more of the ownership of said real estate is held by 35 or fewer persons and which company
21 either (a) derives 60% or more of its annual gross receipts from the ownership or disposition of real
22 estate; or (b) owns real estate the value of which comprises 90% or more of the value of the entity's
23 entire tangible asset holdings exclusive of tangible assets which are fairly transferrable and actively
24 traded on an established market; or

25 (ii) 90% or more of the ownership interest in such entity is held by 35 or fewer persons and
26 the entity owns as 90% or more of the fair market value of its assets a direct or indirect interest in
27 a real estate company. An indirect ownership interest is an interest in an entity 90% or more of
28 which is held by 35 or fewer persons and the purpose of the entity is the ownership of a real estate
29 company.

30 (f) In the case of a grant, assignment, transfer or conveyance or vesting which results in a
31 real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or
32 person making the conveyance or causing the vesting, shall file or cause to be filed with the division
33 of taxation, at least five (5) days prior to the grant, transfer, assignment or conveyance or vesting,
34 notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms

1 and conditions of thereof, and the character and location of all of the real estate assets held by real
2 estate company and shall remit the tax imposed and owed pursuant to subsection (a) hereof. Any
3 such grant, transfer, assignment or conveyance or vesting which results in a real estate company
4 becoming an acquired real estate company shall be fraudulent and void as against the state unless
5 the entity notifies the tax administrator in writing of the grant, transfer, assignment or conveyance
6 or vesting as herein required in subsection (f) hereof and has paid the tax as required in subsection
7 (a) hereof. Upon the payment of the tax by the transferor, the tax administrator shall issue a
8 certificate of the payment of the tax which certificate shall be recordable in the land evidence
9 records in each municipality in which such real estate company owns real estate. Where the real
10 estate company has assets other than interests in real estate located in Rhode Island, the tax shall
11 be based upon the assessed value of each parcel of property located in each municipality in the state
12 of Rhode Island.

13 SECTION 7. Section 44-25-2 of the General Laws in Chapter 44-25 entitled "Real Estate
14 Conveyance Tax" is hereby amended to read as follows:

15 **44-25-2. Exemptions.**

16 (a) The tax imposed by this chapter does not apply to any instrument or writing given to
17 secure a debt.

18 (b) The tax imposed by this chapter does not apply to any deed, instrument, or writing
19 wherein the United States, the state of Rhode Island, or its political subdivisions are designated the
20 grantor.

21 (c) The tax imposed by this chapter does not apply to any deed, instrument, or writing that
22 has or shall be executed, delivered, accepted, or presented for recording in furtherance of, or
23 pursuant to, that certain master property conveyance contract dated December 29, 1982, and
24 recorded in the land evidence records of the city of Providence on January 27, 1983, at 1:30 p.m.
25 in book 1241 at page 849, and relating to the capital center project in the city of Providence.

26 (d) The qualified sale of a mobile or manufactured home community to a resident-owned
27 organization as defined in § 31-44-1 is exempt from the real estate conveyance tax imposed under
28 this chapter.

29 (e) No transfer tax or fee shall be imposed by a land trust or municipality upon the
30 acquisition of real estate by the state of Rhode Island or any of its political subdivisions.

31 (f) Nothing in § 44-25-1 shall be construed to impose a tax upon any grant, assignment,
32 transfer, conveyance or vesting of any interest, direct or indirect, among owners, members or
33 partners in any real estate company with respect to an affordable housing development where:

34 (i) The housing development has been financed in whole or in part with federal low-income

1 housing tax credits pursuant to § 42 of the Internal Revenue Code; or
2 (ii) At least one of the owners, members or partners of the company is a Rhode Island
3 nonprofit corporation or an entity exempt from tax under § 501(c)(3) of the Internal Revenue Code,
4 or is owned by a Rhode Island nonprofit corporation or an entity that is exempt from tax under §
5 501(c)(3) of the Internal revenue Code, and the housing development is subject to a recorded deed
6 restriction or declaration of land use restrictive covenants in favor of the Rhode Island housing and
7 mortgage finance corporation, the state of Rhode Island housing resources commission, the federal
8 home loan bank or any of its members, or any other state or local government instrumentality under
9 an affordable housing program. No such real estate company shall be an acquired real estate
10 company under this section.

11 SECTION 8. Title 42 of the General Laws entitled "STATE AFFAIRS AND
12 GOVERNMENT" is hereby amended by adding thereto the following chapter:

13 CHAPTER 160

14 RHODE ISLAND PAY FOR SUCCESS ACT

15 **42-160-1. Short title.**

16 This act shall be known and may be cited as the "Rhode Island Pay for Success Act."

17 **42-160-2. Legislative findings.**

18 The general assembly hereby finds and declares as follows:

19 (1) Pay for success contracts are executed detailing the outcomes, associated repayment
20 and evaluation process to be conducted by a third party. The proceeds are disbursed to a nonprofit
21 organization(s) that will execute the intervention delivering services and other resources, such as
22 housing, to the target population. An independent evaluator monitors the outcomes of the
23 intervention to determine if success was met. If the intervention improves financial and social
24 outcomes in accordance with established metrics, the government, as outcome payor, pays back the
25 investors with interest using a portion of the savings accrued from the successful outcomes. If the
26 evaluator determines that success was not met, meaning there is no improvement in financial or
27 social outcomes, the investors lose money.

28 (2) In 2016 the United States Department of Justice (DOJ) and the United States
29 Department of Housing and Urban Development (HUD) awarded funding to the Rhode Island
30 Coalition to End Homelessness to pursue a pay for success social impact bond in Rhode Island
31 focusing on housing and supportive services for persons experiencing homelessness who are high
32 utilizers of the health care and justice systems. The pilot program will leverage eight hundred
33 seventy-five thousand dollars (\$875,000) in outcome payment funding from the HUD/DOJ grant
34 as well as the intervention and independent evaluation process described in the grant agreement.

1 **42-160-3. Annual reporting.**

2 (1) The executive office, in collaboration with the Rhode Island Coalition to End
3 Homelessness, shall provide yearly progress reports to the general assembly beginning no later than
4 January 30, 2022, and annually thereafter until January 30, 2027. These reports will include
5 recommendations on a proposed structure for entering into pay for success contracts, for
6 administering the program, and for any and all matters related thereto that the executive office
7 deems necessary to administer future pay for success projects at the conclusion of the pilot program
8 in 2026. As a condition of this project, HUD requires that a third party conduct a transparent and
9 rigorous evaluation of the intervention to determine whether the outcomes have indeed achieved
10 success. The evaluation results will be reported yearly to the governor and general assembly.

11 **42-160-4. Definitions.**

12 For the purpose of this chapter:

13 (a) "Performance targets" means the level of performance, as measured by an independent
14 evaluator, which represent success. Success is defined in the pay for success contract.

15 (b) "Independent evaluator" means an independent entity selected by the state whose role
16 includes assessing and reporting on the achievement of performance targets at the frequency
17 required in the pay for success contract.

18 (c) "Success payments" refer to the payments that the state will make only if contractual
19 performance targets are achieved as determined by the independent evaluator and approved by the
20 office of management and budget.

21 (d) "Pay for success contracts" are contracts designed to improve outcomes and lower costs
22 for contracted government services that are subject to the following requirements:

23 (1) A determination that the contract will result in significant performance improvements
24 and budgetary savings across all impacted agencies if the performance targets are achieved;

25 (2) A requirement that a substantial portion of any payment be conditioned on the
26 achievement of specific outcomes based on defined performance targets;

27 (3) An objective process by which an independent evaluator will determine whether the
28 performance targets have been achieved;

29 (4) A calculation of the amount and timing of payments that would be earned by the service
30 provider during each year of the agreement if performance targets are achieved as determined by
31 the independent evaluator; and

32 (5) Payments shall only be made if performance targets are achieved. Additionally, the
33 success payment made pursuant to this chapter shall not exceed ten percent (10%) more than actual
34 costs incurred by program intermediary.

1 (1) "Coordinated entry system (CES)" means the partnership of all homeless service
2 providers in the state through this initiative of the Rhode Island continuum of care. CES manages
3 all diversion/entry to the shelter system through the coordinated entry hotline and manages the
4 permanent housing placement part of the program, once persons are in a shelter or are living on the
5 street.

6 (2) "Executive office" means the Rhode Island executive office of health and human
7 services.

8 (3) "Homeless management information system (HMIS)" means the database used to
9 collect information in order to track and report on the scope of homelessness prevention/assistance
10 and human service needs across the Rhode Island continuum of care (COC) as well as individually
11 at each organization. The Rhode Island Coalition to End Homelessness is the current HMIS state
12 lead.

13 (4) "Homelessness" means the category 1 and category 4 definitions outline by HUD:

14 (i) Category 1-Literally homeless: the situation of an individual or family lacking a fixed,
15 regular, and adequate nighttime residence, meaning:

16 (A) Has a primary nighttime residence that is a public or private place not meant for human
17 habitation;

18 (B) Is living in a publicly or privately operated shelter designated to provide temporary
19 living arrangements (including congregate shelters, transitional housing, and hotels and motels paid
20 for by charitable organizations or by federal, state and local government programs); or

21 (C) Is exiting an institution where he or she has resided for ninety (90) days or less and
22 who resided in an emergency shelter or place not meant for human habitation immediately before
23 entering that institution.

24 (ii) Category 4-Fleeing/attempting to flee domestic violence: Any individual or family
25 who:

26 (A) Is fleeing, or is attempting to flee, domestic violence;

27 (B) Has no other residence; and

28 (C) Lacks the resources or support networks to obtain other permanent housing.

29 (5) "Nonprofit organization" means a nonprofit organization that is exempt from federal
30 taxation pursuant to § 501(c)(3) of the federal internal revenue code, 26 U.S.C. § 501(c)(3).

31 (6) "Outcome payor" means the the Rhode Island state government.

32 (7) "Permanent supportive housing (PSH)" means a permanent deeply subsidized unit,
33 tenant or project based subsidy, with supportive services, generally for persons experiencing
34 homelessness for long periods of time who also have other significant challenges such as disability

1 or mental illness.

2 (8) "Social impact bond", "pay for success bond" or "bond" means a contract between the
3 public and private sectors in which a commitment is made to pay for improved financial and social
4 outcomes that result in public sector savings. These contract agreements are funded by
5 appropriation.

6 (9) "Target population" means highly vulnerable persons that experience long-term
7 homelessness and incur significant costs within the criminal justice, shelter, and/or health care
8 systems, likely related to their housing instability, with an estimated average per person cost of
9 Medicaid claims for adults in shelter, top twenty-five (25) clients, totaling two hundred twenty-
10 nine thousand, six hundred ninety-five dollars and forty-four cents (\$229,695.44), as per the Rhode
11 Island Medicaid and HMIS data match for adults in shelter. Eligibility will be confirmed by data
12 matching, case conferencing, and coordination with health care providers and the coordinated entry
13 system (CES); data sources will be provided by the department of corrections, executive office of
14 health and human services, and the Rhode Island homeless management information system.

15 (10) "Program intermediary" means a firm that contracts with a state agency to establish
16 and delivery a service or program intervention by doing any of the following:

17 (i) Delivering or contracting for relevant services or outcomes;

18 (ii) Raising capital to finance the delivery of services or outcomes;

19 (iii) Providing ongoing project management and investor relations for the social impact
20 funding instrument.

21 **42-160-5. Pilot program established.**

22 There is established a five (5) year pay for success pilot program to be administered by the
23 Rhode Island executive office of health and human services. The pilot will follow the proposal
24 outlined in the 2016 pay for success grant proposal to HUD and 2017 feasibility study. The pay for
25 success project will provide a housing and supportive services intervention (PSH) for one hundred
26 twenty-five (125) persons in Rhode Island experiencing homelessness who are high utilizers of the
27 health care and justice systems. The pilot program will leverage eight hundred seventy-five
28 thousand dollars (\$875,000) of HUD/DOJ grant funds. Contract agreements with the executive
29 office of health and human services pursuant to this chapter shall not exceed one million five
30 hundred thousand dollars (\$1,500,000) per fiscal year or six million dollars (\$6,000,000) in the
31 aggregate over the five (5) years of the pilot program, as determined by the department; provided,
32 no agreements shall be entered by the department after July 1, 2026, without further authorization
33 by the general assembly.

34 **42-160-6. Establishment of restricted receipt account.**

1 There is hereby created within the general fund of the state a restricted receipt account
2 entitled or to be known as "Pay for Success." The account shall be housed within the budget of the
3 executive office of health and human services and shall be utilized to record all receipts and
4 program expenditures associated with this chapter. All such monies deposited shall be exempt from
5 the indirect cost recovery provisions of § 35-4-27.

6 SECTION 9. Section 6 of this article shall take effect on January 1, 2022. All other sections
7 of this article shall take effect upon passage.