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:


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

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

42-64.19-3. Executive office of commerce.

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

(1) On or about February 1, 2015, to operate functions from the department of business regulation;
(2) On or about April 1, 2015, to operate various divisions and functions from the department of administration;
(3) On or before September 1, 2015, to provide to the Senate and the House of Representatives a comprehensive study and review of the roles, functions, and programs of the department of administration and the department of labor and training to devise recommendations and a business plan for the integration of these entities with the office of the secretary of commerce. The governor may include such recommendations in the Fiscal Year 2017 budget proposal; and
(4) On or before July 1, 2021, to provide for the hiring of a deputy secretary of commerce and housing, who shall report directly to the secretary of commerce. The deputy secretary of commerce and housing shall:
(i) Prior to hiring, have completed and earned a minimum of a master's graduate degree in the field of urban planning, economics, or a related field of study or possess a juris doctor law degree. Preference shall be provided to candidates having earned an advanced degree consisting of an L.L.M. Law degree or Ph.D in urban planning or economics. Qualified candidates must have documented five (5) years full-time experience employed in the administration of housing policy and/or development.
(ii) Be responsible for overseeing all housing initiatives in the state of Rhode Island and developing a housing plan, including, but not limited to, the development of affordable housing opportunities to assist in building strong community efforts and revitalizing neighborhoods;
(iii) Coordinate with all agencies directly related to any housing initiatives including, but not limited to, the Rhode Island housing and mortgage finance corporation, coastal resources management council (CRMC), and state departments including, but not limited to, the department
of environmental management (DEM), the department of business regulation (DBR), the department of transportation (DOT) and statewide planning; and

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

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

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

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

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

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

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

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

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

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

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

(I) Single family units;

(II) Accessory dwelling units;

(III) Two (2) family units;

(IV) Three (3) family units;

(V) Multi-unit sufficiently delineated units;

(VI) Mixed use sufficiently delineated units; and

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

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

(I) Single family units;
(II) Accessory dwelling units;
(III) Two (2) family units;
(IV) Three (3) family units;
(V) Multi-unit sufficiently delineated units;
(VI) Mixed use sufficiently delineated units; and
(VII) Occupancy and Vacancy rates for the prior three (3) years.

(L) A reporting of the number of applications submitted or filed for each community according to unit type and an accounting of action taken with respect to each application to include, approved, denied, appealed, approved upon appeal, and if approved, the justification for each approval.

(M) A reporting of permits for each community according to affordability level that were sought, approved, denied, appealed, approved upon appeal, and if approved, the justification for each approval.

(N) A reporting of affordability by municipality which shall include the following:

(I) The percent and number of units of extremely low, very low, low, moderate, fair market rate, and above market rate units; including the average and median costs of those units.
(II) The percent and number of units of extremely low, very low, low and moderate income housing units required to satisfy the ten percent (10%) requirement pursuant to chapter 24 of title 45; including the average and median costs of those units.
(III) The percent and number of units for the affordability levels above moderate income housing, including a comparison to fair market rent and fair market homeownership; including the average and median costs of those units.
(IV) The percentage of cost burden by municipality with population equivalent.
(V) The percentage and number of home financing sources, including all private, federal, state, or other public support.
(VI) The cost growth for each of the previous five (5) years by unit type at each affordability level, by unit type.

(O) A reporting of municipal healthy housing stock by unit type and number of bedrooms and provide an assessment of the state's existing housing stock and enumerate any risks to the public health from that housing stock, including, but not limited to, the presence of lead, mold, safe drinking water, disease vectors (insects and vermin), and other conditions which are an identifiable health detriment. Additionally, the report shall provide the percentage of the prevalence of health risks by age of the stock for each community by unit type and number of bedrooms.

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

(b) In this capacity, the office shall:

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

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

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

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

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

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

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

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

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


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

(1) Financial assistance by loan, grant, or otherwise, for the planning, production, or
preservation of affordable housing in Rhode Island for households earning not more than eighty
percent (80%) of area median income; and

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

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

entitled "Housing Resources Act of 1998" are hereby amended to read as follows.

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

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

(1) Purposes:

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

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

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

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

(ii) The coordinating committee shall:

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

(b) is authorized and empowered to negotiate and to enter into contracts and cooperative
agreements with agencies and political subdivisions of the state, not-for-profit corporations, for profit corporations, and other partnerships, associations and persons for any lawful purpose necessary and desirable to effect the purposes of this chapter, subject to the provisions of chapter 2 of title 37 as applicable.

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


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

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

CHAPTER 42-128.4

HOUSING INCENTIVES FOR MUNICIPALITIES

42-128.4. Short title.

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

42-128.4-2. Establishment of program.

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

42-128.4-4. Purposes.

The coordinating committee is authorized and empowered to carry out the program for the
following purposes:

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

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

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

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

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

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

42-128.4-4. Definitions.

As used in this chapter:

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

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

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

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

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

42-128.4-5. Adoption of housing incentive districts.
(a) In its zoning ordinance, a city or town may adopt a housing incentive district in any eligible location.

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

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

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

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

42-128.4-6. Assistance to municipalities.

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

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

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

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

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

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

42-128.4-8. Program integrity.

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

42-128.4-9. Cooperation.

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

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


(a) There is imposed, on each deed, instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned, transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or her or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such persons which has the effect of making any real estate company an acquired real estate company, when the consideration paid exceeds one hundred dollars ($100), a tax at the rate of two dollars and thirty cents ($2.30) for each five hundred dollars ($500), or fractional part of it, that is paid for the purchase of property or the interest in an acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the time of the sale, grant, assignment, transfer or conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to the percentage interest in the acquired real estate company being granted, assigned, transferred, conveyed or vested).

The tax is payable at the time of making, the execution, delivery, acceptance or presentation for recording of any instrument affecting such transfer grant, assignment, transfer, conveyance or vesting. In the absence of an agreement to the contrary, the tax shall be paid by the grantor, assignor, transferor or person making the conveyance or vesting.

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

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

(c) The tax administrator shall contribute

(d) The tax shall be distributed as follows:

(i) With respect to the tax imposed by paragraph (a): the tax administrator shall contribute
to the distressed community relief program the sum of thirty cents ($0.30) per two dollars and thirty
cents ($2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
housing resources commission restricted receipts account the sum of thirty cents ($0.30) per two
dollars and thirty cents ($2.30) of the face value of the stamps. Funds will be administered by the
office of housing and community development, through the housing resources commission. The
state shall retain sixty cents ($0.60) for state use. The balance of the tax shall be retained by the
municipality collecting the tax.

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

(iii) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment or
conveyance or vesting with respect to an acquired real estate company, the tax shall be collected
by the tax administrator and shall be distributed to the municipality where the real estate owned by
the acquired real estate company is located provided, however, in the case of any such tax collected
by the tax administrator, if the acquired real estate company owns property located in more than
one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the
proportion the assessed value of said real estate in each such municipality bears to the total of the
assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.
Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax
administrator shall deposit as general revenues the sum of ninety cents ($0.90) per two dollars and
thirty cents ($2.30) of the face value of the stamps. The balance of the tax on the purchase of
property shall be retained by the municipality collecting the tax. The balance of the tax on the
transfer with respect to an acquired real estate company, shall be collected by the tax administrator
and shall be distributed to the municipality where the property for which interest is sold is
physically located. Provided, however, that in the case of any tax collected by the tax administrator
with respect to an acquired real estate company where the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst the municipalities in proportion that the assessed value in any such municipality bears to the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

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

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

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

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

(f) In the case of a grant, assignment, transfer or conveyance or vesting which results in a real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or person making the conveyance or causing the vesting, shall file or cause to be filed with the division of taxation, at least five (5) days prior to the grant, transfer, assignment or conveyance or vesting, notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms
and conditions thereof, and the character and location of all of the real estate assets held by real
estate company and shall remit the tax imposed and owed pursuant to subsection (a) hereof. Any
such grant, transfer, assignment or conveyance or vesting which results in a real estate company
becoming an acquired real estate company shall be fraudulent and void as against the state unless
the entity notifies the tax administrator in writing of the grant, transfer, assignment or conveyance
or vesting as herein required in subsection (f) hereof and has paid the tax as required in subsection
(a) hereof. Upon the payment of the tax by the transferor, the tax administrator shall issue a
certificate of the payment of the tax which certificate shall be recordable in the land evidence
records in each municipality in which such real estate company owns real estate. Where the real
estate company has assets other than interests in real estate located in Rhode Island, the tax shall
be based upon the assessed value of each parcel of property located in each municipality in the state
of Rhode Island.

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

44-25-2. Exemptions.

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

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

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

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

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

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

(i) The housing development has been financed in whole or in part with federal low-income
housing tax credits pursuant to § 42 of the Internal Revenue Code; or

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

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

CHAPTER 160

RHODE ISLAND PAY FOR SUCCESS ACT

42-160-1. Short title. This act shall be known and may be cited as the "Rhode Island Pay for Success Act."

42-160-2. Legislative findings. The general assembly hereby finds and declares as follows:

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

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

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


For the purpose of this chapter:

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

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

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

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

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

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

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

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

(5) Payments shall only be made if performance targets are achieved. Additionally, the success payment made pursuant to this chapter shall not exceed ten percent (10%) more than actual costs incurred by program intermediary.
(1) "Coordinated entry system (CES)" means the partnership of all homeless service providers in the state through this initiative of the Rhode Island continuum of care. CES manages all diversion/entry to the shelter system through the coordinated entry hotline and manages the permanent housing placement part of the program, once persons are in a shelter or are living on the street.

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

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

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

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

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

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

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

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

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

(B) Has no other residence; and

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

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

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

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

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

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

(10) “Program intermediary” means a firm that contracts with a state agency to establish and deliver a service or program intervention by doing any of the following:

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

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

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

42-160-5. Pilot program established.

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

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

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