

1 **ARTICLE 16**

2 RELATING TO HOUSING

3 SECTION 1. Section 42-55-4 of the General Laws in Chapter 42-55 entitled "Rhode Island
4 Housing and Mortgage Finance Corporation" is hereby amended to read as follows:

5 **42-55-4. Creation of corporation – Composition – Personnel – Compensation.**

6 (a) There is authorized the creation and establishment of a public corporation of the state,
7 having a distinct legal existence from the state and not constituting a department of the state
8 government, with the politic and corporate powers as are set forth in this chapter to be known as
9 the "Rhode Island housing and mortgage finance corporation" to carry out the provisions of this
10 chapter. The corporation is constituted a public instrumentality exercising public and essential
11 governmental functions, and the exercise by the corporation of the powers conferred by this chapter
12 shall be deemed and held to be the performance of an essential governmental function of the state.
13 It is the intent of the general assembly by the passage of this chapter to authorize the incorporation
14 of a public corporation and instrumentality and agency of the state for the purpose of carrying on
15 the activities authorized by this chapter, and to vest the corporation with all of the powers, authority,
16 rights, privileges, and titles that may be necessary to enable it to accomplish these purposes. This
17 chapter shall be liberally construed in conformity with the purpose expressed.

18 (b) The powers of the corporation shall be vested in ~~seven (7)~~ nine (9) commissioners
19 consisting of the director of administration, or his or her designee; the general treasurer, or his or
20 her designee; the director of business regulations, or designee; the executive director of the housing
21 resources commission, or his or her designee; the chairperson of the housing resources commission,
22 or his or her designee; and four (4) members to be appointed by the governor with the advice and
23 consent of the senate who shall among them be experienced in all aspects of housing design,
24 development, finance, management, and state and municipal finance. The executive director of the
25 housing resources commission and the chairperson of the housing resources commission shall serve
26 as non-voting, ex officio members of the board. On or before July 1, 1973, the governor shall
27 appoint one member to serve until the first day of July, 1974 and until his or her successor is
28 appointed and qualified, one member to serve until the first day of July, 1975, and until his or her
29 successor is appointed and qualified, one member to serve until the first day of July, 1976 and until
30 his or her successor is appointed and qualified, one member to serve until the first day of July, 1977
31 and until his or her successor is appointed and qualified. During the month of June, 1974, and
32 during the month of June annually thereafter, the governor shall appoint a member to succeed the

1 member whose term will then next expire to serve for a term of four (4) years commencing on the
2 first day of July then next following and until his or her successor is appointed and qualified. A
3 vacancy in the office of a commissioner, other than by expiration, shall be filled in like manner as
4 an original appointment, but only for the unexpired portion of the term. If a vacancy occurs when
5 the senate is not in session, the governor shall appoint a person to fill the vacancy, but only until
6 the senate shall next convene and give its advice and consent to a new appointment. A member
7 shall be eligible to succeed him or herself. The governor shall designate a member of the
8 corporation to serve as chairperson. Any member of the corporation may be removed by the
9 governor for misfeasance, malfeasance, or willful neglect of duty.

10 (c) The commissioners shall elect from among their number a vice-chairperson annually
11 and those other officers as they may determine. Meetings shall be held at the call of the chairperson
12 or whenever two (2) commissioners so request. Four (4) commissioners of the corporation shall
13 constitute a quorum and any action taken by the corporation under the provisions of this chapter
14 may be authorized by resolution approved by a majority but not less than three (3) of the
15 commissioners present at any regular or special meeting. No vacancy in the membership of the
16 corporation shall impair the right of a quorum to exercise all of the rights and perform all of the
17 duties of the corporation.

18 (d) Commissioners shall receive no compensation for the performance of their duties, but
19 each commissioner shall be reimbursed for his or her reasonable expenses incurred in carrying out
20 his or her duties under this chapter.

21 (e) Notwithstanding the provisions of any other law, no officer or employee of the state
22 shall be deemed to have forfeited or shall forfeit his or her office or employment by reason of his
23 or her acceptance of membership of the corporation or his or her service to the corporation.

24 (f) The commissioners shall employ an executive director who shall also be the secretary
25 and who shall administer, manage, and direct the affairs and business of the corporation, subject to
26 the policies, control, and direction of the commissioners. The commissioners may employ technical
27 experts and other officers, agents, and employees, permanent and temporary, and fix their
28 qualifications, duties, and compensation. These employed persons shall not be subject to the
29 provisions of the classified service. The commissioners may delegate to one or more of their agents
30 or employees those administrative duties they may deem proper.

31 (g) The secretary shall keep a record of the proceedings of the corporation and shall be
32 custodian of all books, documents, and papers filed with the corporation and of its minute book and
33 seal. He or she, or his or her designee, or the designee of the board of commissioners, shall have
34 authority to cause to be made copies of all minutes and other records and documents of the

1 corporation and to give certificates under the seal of the corporation to the effect that the copies are
2 true copies and all persons dealing with the corporation may rely upon the certificates.

3 (h) Before entering into his or her duties, each commissioner of the corporation shall
4 execute a surety bond in the penal sum of fifty thousand dollars (\$50,000) and the executive director
5 shall execute a surety bond in the penal sum of one hundred thousand dollars (\$100,000) or, in lieu
6 of this, the chairperson of the corporation shall execute a blanket bond covering each commissioner,
7 the executive director and the employees or other officers of the corporation, each surety bond to
8 be conditioned upon the faithful performance of the duties of the office or offices covered, to be
9 executed by a surety company authorized to transact business in this state as surety and to be
10 approved by the attorney general and filed in the office of the secretary of state. The cost of each
11 bond shall be paid by the corporation.

12 (i) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of
13 interest for a director, officer, or employee of any financial institution, investment banking firm,
14 brokerage firm, commercial bank or trust company, architecture firm, insurance company, or any
15 other firm, person, or corporation to serve as a member of the corporation. If any commissioner,
16 officer, or employee of the corporation shall be interested either directly or indirectly, or shall be a
17 director, officer, or employee of or have an ownership interest in any firm or corporation interested
18 directly or indirectly in any contract with the corporation, including any loan to any housing
19 sponsor or health care sponsor, that interest shall be disclosed to the corporation and shall be set
20 forth in the minutes of the corporation and the commissioner, officer, or employee having an
21 interest therein shall not participate on behalf of the corporation in the authorization of this contract.

22 SECTION2. Chapter 42-128 of the General Laws entitled "Housing Resources Act of
23 1998" is hereby amended by adding thereto the following sections:

24 **42-128-2.1. Housing Production Fund.**

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

30 (1) Financial assistance by loan, grant, or otherwise, for the planning, production, or
31 preservation of housing opportunities in Rhode Island, including housing affordable to workers and
32 located near major workforce centers; or

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

4 **42-128-18 Division of Housing and Community Development created – Assignment**
5 **of contracts and transfer of employees – Offices – Powers and duties. – Organization.**

6 (a) Created. There is created within the executive branch a division of housing and
7 community development (“DHCD”) with responsibility for administering plans, policies,
8 standards, programs, and technical assistance for housing and community development.

9 (b) Transfer of Functions, Assignment of contracts and transfer of employees. Any and all
10 functions, contracts and/or agreements to which the office formerly known as the office of housing
11 and community development (“OHCD”) shall be transferred and assigned to DHCD. Any
12 employees of OHCD shall be transferred to DHCD. Any existing rules or regulations promulgated
13 by OHCD shall remain in effect and be transferred to DHCD. Whenever any general law, or public
14 law, rule, regulation and/or bylaw, refers to the "office of housing and community development"
15 or is abbreviated as “OHCD,” the reference shall be deemed to refer to and mean DHCD.

16 (c) Offices. DHCD may establish such offices and committees as it may deem appropriate.

17 (d) Powers and duties. In order to maintain the quality of housing in Rhode Island and
18 provide housing opportunities for all of its residents, DHCD shall have the following powers and
19 duties:

20 (1) To administer programs pertaining to housing, housing services, and community
21 development, including, but not limited to, programs pertaining to:

22 (i) Services for the homeless;

23 (ii) Rental assistance;

24 (iii) Community development;

25 (iv) Disaster assistance;

26 (v) Outreach, education and technical assistance services; and

27 (vi) Assistance, including financial support, to non-profit organizations and community
28 development corporations.

29 (2) To delegate any of its powers as necessary in order to accomplish the purposes of this
30 chapter.

31 (3) To adopt any rules and regulations, including measurable standards, in accordance with
32 the provisions of chapter 35 of this title that may be necessary to carry out the purposes of this
33 chapter.

1 (e) Organization. Consistent with § 42-64.19-7(h), DHCD shall be assigned to the
2 Executive Office of Commerce.

3 SECTION3. Sections 42-128-2, 42-128-6, 42-128-8.1, and 42-128-11 Chapter 42-128 of
4 the General Laws entitled "Housing Resources Act of 1998" is hereby amended to read as follows.

5 **42-128-2. Rhode Island housing resources agency created.**

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

8 (1) Purposes:

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

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

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

14 (i) The coordinating committee of the housing resources agency shall be comprised of the
15 chairperson of the Rhode Island housing and mortgage finance corporations; the chairperson of the
16 Rhode Island housing resources commission; the secretary of commerce, or designee; the secretary
17 of health and human services, or designee; a member of the State of Rhode Island Rhode Island
18 Continuum of Care representing an agency or political subdivision of the state; and two (2)
19 members appointed by the governor, who each also represent an agency or political subdivision of
20 the state. The governor shall designate one of the coordinating committee’s members to be
21 chairperson. ~~the director of the department of administration, or the designee of the director; and~~
22 ~~the executive director of the Rhode Island housing and mortgage finance corporation. The~~
23 ~~chairperson of the Rhode Island housing resources commission shall be chairperson of the~~
24 ~~coordinating committee.~~

25 (ii) The coordinating committee ~~shall develop and shall implement, with the approval of~~
26 ~~the Rhode Island housing and mortgage finance corporation and the Rhode Island housing~~
27 ~~resources commission, a memorandum of agreement describing the fiscal and operational~~
28 ~~relationship between the Rhode Island housing and mortgage finance corporation and the Rhode~~
29 ~~Island housing resources commission and shall define which programs of federal assistance will be~~
30 ~~applied for on behalf of the state by the Rhode Island housing and mortgage finance corporation~~
31 ~~and the Rhode Island housing resources commission.~~ is authorized and empowered to negotiate
32 and to enter into contracts and cooperative agreements with agencies and political subdivisions of
33 the state, not-for-profit corporations, for profit corporations, and other partnerships, associations

1 and persons for any lawful purpose necessary and desirable to effect the purposes of this chapter,
2 subject to the provisions of chapter 2 of title 37 as applicable.

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

9 **42-128-6. Commission – Membership and terms – Officers – Expenses – Meetings.**

10 (a)(1) Membership. The commission shall have ~~twenty eight (28)~~twenty (20) members as
11 follows: ~~the directors of the departments of administration, business regulation, elderly affairs,~~
12 ~~health, human services, behavioral healthcare, developmental disabilities and hospitals, five ex-~~
13 ~~officio members consisting of~~ the chairperson of the Rhode Island housing and mortgage finance
14 corporation, or designee; the chairperson of the housing resources commission; the secretary of
15 commerce, or designee; the secretary of health and human services, or designee; a member of the
16 State of Rhode Island Continuum of Care representing an agency or political subdivision of the
17 ~~state, and the attorney general; shall be ex officio members; the president of the Rhode Island~~
18 ~~Bankers Association, or the designee of the president; the president of the Rhode Island Mortgage~~
19 ~~Banker's Association, or the designee of the president; the president of the Rhode Island Realtors~~
20 ~~Association, or the designee of the president; the executive director of the Rhode Island Housing~~
21 ~~Network; the executive director of the Rhode Island Coalition for the Homeless; the president of~~
22 ~~the Rhode Island Association of Executive Directors for Housing, or the designee of the president;~~
23 ~~the executive director of operation stand down~~ two (2) members representing an agency or political
24 subdivision of the state appointed by the governor; and thirteen (13) members appointed by the
25 governor with the advice and consent of the senate, who have knowledge of, and have a
26 demonstrated interest in, housing issues as they affect low-and moderate-income people, appointed
27 by the governor with the advice and consent of the senate and drawn from the following areas:
28 disability advocacy; homelessness; veterans services and welfare; banking and lending; fair
29 housing and/or civil rights advocacy; education advocacy; healthy housing and/or health equity;
30 the business community; public housing authorities; for-profit development; non-profit
31 development and/or community development corporations; local government; seniors and healthy
32 aging; colleges and universities; realty and homeownership; or any other area deemed necessary to
33 advance the activities of the commission ~~;- one of whom shall be the chairperson, one of whom~~
34 ~~shall be the representative of the homeless; one of whom shall be a representative of a community~~

~~1 development corporation; one of whom shall be the representative of an agency addressing lead
2 poisoning issues; one of whom shall be a local planner; one of whom shall be a local building
3 official; one of whom shall be a representative of fair housing interests; one of whom shall be
4 representative of an agency advocating the interest of racial minorities; one of whom shall be a
5 representative of the Rhode Island Builders Association; one of whom shall be a representative of
6 insurers; one of whom shall be a representative of a community development intermediary that
7 provides financing and technical assistance to housing non-profits; one of whom shall be a non-
8 profit developer; and one of whom shall be a senior housing advocate.~~

9 (2) The terms of appointed members shall be three (3) years, except for the original
10 appointments, the term of four (4) of whom shall be one year and the term of four (4) of whom
11 shall be two (2) years; no member may serve more than two (2) successive terms.

12 (b) Officers. The governor shall appoint the chairperson of the commission, who shall not
13 be an ex officio member, with the advice and consent of the senate. The commission shall elect
14 annually a vice-chairperson, who shall be empowered to preside at meetings in the absence of the
15 chairperson, and a secretary.

16 (c) Expenses. The members of the commission shall serve without compensation, but shall
17 be reimbursed for their reasonable actual expenses necessarily incurred in the performance of their
18 duties.

19 (d) Meetings. Meetings of the commission shall be held upon the call of the chairperson,
20 or five (5) members of the commission, or according to a schedule that may be annually established
21 by the commission; provided, however, that the commission shall meet at least once quarterly. A
22 majority of members of the commission, not including vacancies, shall constitute a quorum, and
23 no vacancy in the membership of the commission shall impair the right of a quorum to exercise all
24 the rights and perform all of the duties of the commission.

25 **42-128-8.1. Housing production and rehabilitation.**

26 (a) Short title. This section shall be known and may be cited as the "Comprehensive
27 Housing Production and Rehabilitation Act of 2004."

28 (b) Findings. The general assembly finds and declares that:

29 (1) The state must maintain a comprehensive housing strategy applicable to all cities and
30 towns that addresses the housing needs of different populations including, but not limited to,
31 workers and their families who earn less than one hundred twenty percent (120%) of median
32 income, older citizens, students attending institutions of higher education, low and very low income
33 individuals and families, and vulnerable populations including, but not limited to, persons with

1 disabilities, homeless individuals and families, and individuals released from correctional
2 institutions.

3 (2) Efforts and programs to increase the production of housing must be sensitive to the
4 distinctive characteristics of cities and towns, neighborhoods and areas and the need to manage
5 growth and to pace and phase development, especially in high growth areas.

6 (3) The state in partnership with local communities must remove barriers to housing
7 development and update and maintain zoning and building regulations to facilitate the construction,
8 rehabilitation of properties and retrofitting of buildings for use as safe affordable housing.

9 (4) Creative funding mechanisms are needed at the local and state levels that provide
10 additional resources for housing development, because there is an inadequate amount of federal
11 and state subsidies to support the affordable housing needs of Rhode Island's current and projected
12 population.

13 (5) Innovative community planning tools, including, but not limited to, density bonuses
14 and permitted accessory dwelling units, are needed to offset escalating land costs and project
15 financing costs that contribute to the overall cost of housing and tend to restrict the development
16 and preservation of housing affordable to very low income, low income and moderate income
17 persons.

18 (6) The gap between the annual increase in personal income and the annual increase in the
19 median sales price of a single-family home is growing, therefore, the construction, rehabilitation
20 and maintenance of affordable, multi-family housing needs to increase to provide more rental
21 housing options to individuals and families, especially those who are unable to afford
22 homeownership of a single-family home.

23 (7) The state needs to foster the formation of cooperative partnerships between
24 communities and institutions of higher education to significantly increase the amount of residential
25 housing options for students.

26 (8) The production of housing for older citizens as well as urban populations must keep
27 pace with the next twenty-year projected increases in those populations of the state.

28 (9) Efforts must be made to balance the needs of Rhode Island residents with the ability of
29 the residents of surrounding states to enter into Rhode Island's housing market with much higher
30 annual incomes at their disposal.

31 (c) Strategic plan. The commission, in conjunction with the statewide planning program,
32 shall develop by July 1, 2006, a ~~five (5)~~ four (4) year strategic plan for housing, which plan shall
33 be adopted as an element of the state guide plan, and which shall include quantified goals,
34 measurable intermediate steps toward the accomplishment of the goals, implementation activities,

1 and standards for the production and/or rehabilitation of year-round housing to meet the housing
2 needs including, but not limited to, the following:

3 (1) Older Rhode Islanders, including senior citizens, appropriate, affordable housing
4 options;

5 (2) Workers, housing affordable at their income level;

6 (3) Students, dormitory, student housing and other residential options;

7 (4) Low income and very low income households, rental housing;

8 (5) Persons with disabilities, appropriate housing; and

9 (6) Vulnerable individuals and families, permanent housing, single room occupancy units,
10 transitional housing and shelters.

11 (d) As used in this section and for the purposes of the preparation of affordable housing
12 plans as specified in chapter 45-22.2, words and terms shall have the meaning set forth in chapter
13 45-22.2, chapter 45-53, and/or § 42-11-10, unless this section provides a different meaning or
14 unless the context indicates a different meaning or intent.

15 (1) "Affordable housing" means residential housing that has a sales price or rental amount
16 that is within the means of a household that is moderate income or less. In the case of dwelling
17 units for sale, housing that is affordable means housing in which principal, interest, taxes, which
18 may be adjusted by state and local programs for property tax relief, and insurance constitute no
19 more than thirty percent (30%) of the gross household income for a household with less than one
20 hundred and twenty percent (120%) of area median income, adjusted for family size. In the case of
21 dwelling units for rent, housing that is affordable means housing for which the rent, heat, and
22 utilities other than telephone constitute no more than thirty percent (30%) of the gross annual
23 household income for a household with eighty percent (80%) or less of area median income,
24 adjusted for family size. Affordable housing shall include all types of year-round housing,
25 including, but not limited to, manufactured housing, housing originally constructed for workers and
26 their families, accessory dwelling units, housing accepting rental vouchers and/or tenant-based
27 certificates under Section 8 of the United States Housing Act of 1937, as amended, and assisted
28 living housing, where the sales or rental amount of such housing, adjusted for any federal, state, or
29 municipal government subsidy, is less than or equal to thirty percent (30%) of the gross household
30 income of the low and/or moderate income occupants of the housing.

31 (2) "Affordable housing plan" means a plan prepared and adopted by a town or city either
32 to meet the requirements of chapter 45-53 or to meet the requirements of § 45-22.2-10(f), which
33 require that comprehensive plans and the elements thereof be revised to conform with amendments
34 to the state guide plan.

1 (3) "Approved affordable housing plan" means an affordable housing plan that has been
2 reviewed and approved in accordance with § 45-22.2-9.

3 (4) "Moderate income household" means a single person, family, or unrelated persons
4 living together whose adjusted gross income is more than eighty percent (80%) but less than one
5 hundred twenty percent (120%) of the area median income, adjusted for family size.

6 (5) "Seasonal housing" means housing that is intended to be occupied during limited
7 portions of the year.

8 (6) "Year-round housing" means housing that is intended to be occupied by people as their
9 usual residence and/or vacant units that are intended by their owner for occupancy at all times of
10 the year; occupied rooms or suites of rooms in hotels are year-round housing only when occupied
11 by permanent residents as their usual place of residence.

12 (e) The strategic plan shall be updated and/or amended as necessary, but not less than once
13 every ~~five (5)~~ four (4) years.

14 (f) Upon the adoption of the strategic plan as an element of the state guide plan, towns and
15 cities shall bring their comprehensive plans into conformity with its requirements, in accordance
16 with the timetable set forth in § 45-22.2-10(f), provided, however, that any town that has adopted
17 an affordable housing plan in order to comply with the provisions of chapter 45-53, which has been
18 approved for consistency pursuant to § 45-22.2-9, shall be deemed to satisfy the requirements of
19 the strategic plan for low and moderate income housing until such time as the town must complete
20 its next required comprehensive community plan update.

21 (g) Guidelines. The commission shall advise the state planning council and the state
22 planning council shall promulgate and adopt not later than July 1, 2006, guidelines for higher
23 density development, including, but not limited to: (A) inclusionary zoning provisions for low and
24 moderate income housing with appropriate density bonuses and other subsidies that make the
25 development financially feasible; and (B) mixed-use development that includes residential
26 development, which guidelines shall take into account infrastructure availability; soil type and land
27 capacity; environmental protection; water supply protection; and agricultural, open space, historical
28 preservation, and community development pattern constraints.

29 (h) The statewide planning program shall maintain a geographic information system map
30 that identifies, to the extent feasible, areas throughout the state suitable for higher density
31 residential development consistent with the guidelines adopted pursuant to subsection (g).

32 **42-128-11. Executive director – Employees.**

33 The ~~commission~~ governor shall appoint, with the advice of the coordinating committee, an
34 executive director, who shall not be subject to the provisions of chapter 4 of title 36, and who shall

1 serve as the state housing commissioner and may also serve in the executive office of commerce
2 as the deputy secretary of housing and homelessness. ~~The commission shall set the compensation~~
3 ~~and the terms of employment of the executive director.~~ The commission shall also cause to be
4 employed such staff and technical and professional consultants as may be required to carry out the
5 powers and duties set forth in this chapter. All staff, including the executive director, may be
6 secured through a memorandum of agreement with the Rhode Island housing and mortgage finance
7 corporation, or any other agency or political subdivision of the state with the approval of the
8 relevant agency or political subdivision, as provided for in § 42-128-2(2)(ii). Any person who is in
9 the civil service and is transferred to the commission may retain civil service status.

10 SECTION 4. Section 42-128-9 of the General Laws in Chapter 42-128 entitled "Housing
11 Resources Act of 1998" is hereby repealed in its entirety.

12 ~~**42-128-9. Offices within the commission.**~~

13 ~~There shall be, as a minimum, the following offices within the commission: the office of~~
14 ~~policy and planning, the office of housing program performance and evaluation, the office of~~
15 ~~homelessness services and emergency assistance, and the office of community development,~~
16 ~~programs and technical assistance. The commission may establish by rule such other offices,~~
17 ~~operating entities, and committees as it may deem appropriate.~~

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

20 CHAPTER 42-128.4

21 HOUSING INCENTIVES FOR MUNICIPALITIES

22 **42-128.4. Short title.**

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

24 **42-128.4-2. Establishment of program.**

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

28 **42-128.4-4. Purposes.**

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

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

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

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

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

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

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

8 **42-128.4-4. Definitions.**

9 As used in this chapter:

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

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

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

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

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

30 **42-128.4-5. Adoption of housing incentive districts.**

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

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

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

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

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

8 **42-128.4-6. Assistance to municipalities.**

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

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

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

16 **42-128.4-7. Rules and regulations - Reports.**

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

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

27 **42-128.4-8. Program integrity.**

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

32 **42-128.4-9. Cooperation.**

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

4 SECTION 6. Effective January 1, 2022, section 44-25-1 of the General Laws in Chapter
5 44-25 entitled "Real Estate Conveyance Tax" is hereby amended to read as follows:

6 **44-25-1. Tax imposed – Payment – Burden.**

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

22 (b) In addition to the tax imposed by paragraph (a), there is imposed, on each deed,
23 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
24 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or
25 her or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
26 persons which has the effect of making any real estate company an acquired real estate company,
27 when the consideration paid exceeds seven hundred thousand dollars (\$700,000), a tax at the rate
28 of two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500), or fractional part of it,
29 of the consideration in excess of seven hundred thousand dollars (\$700,000) that is paid for the
30 purchase of property or the interest in an acquired real estate company (inclusive of the value of
31 any lien or encumbrance remaining at the time of the sale, grant, assignment, transfer or conveyance
32 or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of
33 the value of such lien or encumbrance equivalent to the percentage interest in the acquired real
34 estate company being granted, assigned, transferred, conveyed or vested). The tax imposed by this

1 [paragraph shall be paid at the same time and in the same manner as the tax imposed by paragraph](#)
2 [\(a\).](#)

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

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

7 [\(d\) The tax shall be distributed as follows:](#)

8 [\(i\) With respect to the tax imposed by paragraph \(a\): the tax administrator shall contribute](#)
9 to the distressed community relief program the sum of thirty cents (\$.30) per two dollars and thirty
10 cents (\$2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
11 housing resources commission restricted receipts account the sum of thirty cents (\$.30) per two
12 dollars and thirty cents (\$2.30) of the face value of the stamps. Funds will be administered by the
13 office of housing and community development, through the housing resources commission. The
14 state shall retain sixty cents (\$.60) for state use [provided that sixteen cents \(\\$.16\) per sixty cents](#)
15 [\(\\$.60\) shall be contributed to the housing production fund established pursuant to § 42-128-2.1.](#)
16 The balance of the tax shall be retained by the municipality collecting the tax.

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

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

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

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

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

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

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

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

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

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