

2026 -- S 3159 SUBSTITUTE A

LC006053/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RESIDENTIAL REUSE  
INCENTIVE ACT

Introduced By: Senators Bissaillon, LaMountain, and DiMario

Date Introduced: March 27, 2026

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.35

4 RESIDENTIAL REUSE INCENTIVE ACT

5 **42-64.35-1. Short title.**

6 This chapter shall be known and may be cited as the "Residential Reuse Incentive Act."

7 **42-64.35-2. Definitions.**

8 For purposes of this chapter:

9 (1) "Adaptive reuse" means the conversion of an existing structure from the use for which  
10 it was constructed to a new use by maintaining elements of the structure and adapting the elements  
11 to a new use.

12 (2) "Affordable housing" means "affordable housing" as defined by § 42-128-8.1.

13 (3) "Applicant" means a developer, owner, or tenant, or both, applying for a residential  
14 reuse incentive under this chapter.

15 (4) "Construction worker" means any laborer, mechanic, or machine operator employed  
16 by a contractor or subcontractor in connection with the construction, alteration, repair, demolition,  
17 reconstruction, or other improvements to real property.

18 (5) "Corporation" means the Rhode Island commerce corporation established pursuant to

1 § 42-64-4.

2 (6) “Developer” means a person, firm, business, partnership, association, political  
3 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property  
4 into a subdivision or proposes to build or builds a building or buildings or otherwise improves land  
5 or existing structures, which division, building, or improvement qualifies for benefits under this  
6 chapter.

7 (7) “Development” means the improvement of land through the carrying out of building,  
8 engineering, or other operations in, on, over, or under land, or the making of any material change  
9 in the use of any buildings or land for the purposes of accommodating land uses.

10 (8) “Hard construction costs” means the direct contractor costs for labor, material,  
11 equipment, and services associated with an approved project, contractor’s overhead and profit, and  
12 other direct construction costs.

13 (9) “Health or education worker” means an individual who is employed on a full-time or  
14 part-time basis in the field of education or healthcare by a public or private employer located within  
15 the State of Rhode Island including, but not limited to, employment as a teacher, instructional staff  
16 member, school support staff member, nurse, or medical technician.

17 (10) “Housing land bank” means the housing land bank program established at the  
18 corporation pursuant to § 42-55.2-1.

19 (11) “HUD” means the United States Department of Housing and Urban Development.

20 (12) “Mixed use” means a development comprising both commercial and residential  
21 components.

22 (13) “Project” means qualified residential reuse project defined in subsection (15) of this  
23 section.

24 (14) “Project financing gap” means the part of the total project cost that remains to be  
25 financed after all other sources of capital have been accounted for to include, but not be limited to,  
26 developer-contributed capital, which shall be defined through rules and regulations promulgated  
27 by the corporation.

28 (15) “Qualified residential reuse project” means a specific construction project or  
29 improvement, including lands, buildings, improvements, real and personal property or any interest  
30 therein, including lands under water, riparian rights, space rights and air rights, acquired, owned,  
31 leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,  
32 undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting the  
33 requirements of this chapter, as set forth in an application made to the corporation.

34 (16) “Residential” means a development of residential dwelling units.

1           **42-64.35-3. Establishment of program – Uses – Eligibility.**

2           (a) The residential reuse incentive program is hereby established as a program under the  
3 jurisdiction and administration of the corporation. The program may provide low-interest loans,  
4 subordinate debt, equity investments, or competitive program grants consisting of support to  
5 qualified residential reuse projects meeting the requirements of this chapter. On an annual basis,  
6 the corporation shall confer with the executive office of housing and the department of  
7 administration regarding the availability of funds for the program.

8           (b) To be eligible as a qualified residential reuse project, an applicant’s chief executive  
9 officer or equivalent officer shall demonstrate to the corporation that:

10           (1) There is a project financing gap that, after taking into account all available private and  
11 public funding sources, the project is not likely to be accomplished by private enterprise without  
12 receiving support under this chapter; and

13           (2) The project fulfills the state’s policy objectives and priorities as set forth in section (d)  
14 of this section.

15           (c) In awarding support under this chapter, the corporation shall give priority to any project  
16 that:

17           (1) Utilizes a real estate asset held by the housing land bank;

18           (2) Utilizes non-competitive federal low-income housing tax credits (commonly referred  
19 to as “4% credits”);

20           (3) Demonstrates a partnership between an employer or association of employers of health  
21 or education workers in need of housing, and a labor union or association of labor unions  
22 representing health or education workers, to implement a marketing preference for health or  
23 education workers; provided that the marketing preference must be implemented in accordance  
24 with fair housing laws and, if applicable, Section 42 of the Internal Revenue Code (26 U.S.C. §  
25 42); or

26           (4) Utilizes funds awarded under the Housing 2030 Public Developer Program or a  
27 successor initiative that requires a housing authority as defined in § 45-25-3 to develop net new  
28 rental units for low- or moderate- income households

29           (d) Qualified residential reuse projects shall conform to the following standards and  
30 requirements:

31           (1) The project shall be multi-family residential or mixed-use development.

32           (2) At least twenty percent (20%) of the dwelling units offered for rent or for sale shall be  
33 affordable housing, as defined in § 42-128-8.1, or, in the case of dwelling units for rent, at least ten  
34 percent (10%) of the dwelling units in the project shall be housing for which the rent, heat, and

1 utilities other than telephone constitute no more than thirty percent (30%) of gross annual  
2 household income for a household with fifty percent (50%) or less of area median income, adjusted  
3 for family size, all as determined and certified by an approved monitoring agent pursuant to § 45-  
4 53-3.2.

5 (3) Where the budget for the hard construction costs of a project is in excess of twenty-five  
6 million dollars (\$25,000,000), all construction workers on that project providing services in  
7 connection with the project shall be paid in accordance with the wages and benefits required  
8 pursuant to chapter 13 of title 37 (“labor and payment of debts by contractors”) and all contractors  
9 and subcontractors shall file certified payrolls on a monthly basis for all work completed in the  
10 preceding month on a uniform form prescribed by the director of labor and training.

11 (4) Where the budget for the hard construction costs of a project is in excess ten million  
12 dollars (\$10,000,000), the applicant shall ensure that one hundred percent (100%) of the hours  
13 worked on the project shall be performed by all trade construction contractors and subcontractors  
14 who have or are affiliated with an apprenticeship program as defined in 29 C.F.R. § 29 et seq., for  
15 the craft employed. Additionally, the applicant shall ensure that all bidding documents for the work  
16 to be performed on the project includes express and conspicuous language evidencing the  
17 requirement found in this subsection. As part of its contract with the construction manager and/or  
18 general contractor, the applicant shall require that not less than ten percent (10%) of the total hours  
19 worked by the contractors’ and subcontractors’ employees on the project are completed by  
20 apprentices registered in the aforementioned apprenticeship programs.

21 (5) The applicant shall demonstrate senior debt co-investment from a union pension fund  
22 or co-mingled fund of union pension fund investments with a track record of successful investment  
23 in both new construction and substantial rehabilitation of affordable housing.

24 (6) The applicant shall ensure that any contractor and/or subcontractors on this project  
25 shall:

26 (i) Have all valid and effective registrations and/or licenses required to carry out their  
27 construction contracts.

28 (ii) Ensure that all craft labor employed on the project have completed at least an OSHA  
29 ten (10) hour training course for safety established by the U.S. Department of Labor, Occupational  
30 Safety & Health Administration.

31 (iii) Comply with all state, federal and local laws including, but not limited to, providing  
32 workers’ compensation insurance, prompt payment of wages and benefits, and proper classification  
33 of workers and employees as employees as opposed to independent contractors.

34 (A) Any person that does not have a current registration with the State of Rhode Island

1 contractors' registration and licensing board and a properly filed notice of designation as an  
2 independent contractor pursuant to § 28-29-17.1 shall be presumed to be an employee.

3 (B) A person shall only be considered an independent contractor if, when the person is  
4 performing work at the site the person is free from direct control and direction in connection with  
5 completing the person's scope of work, both pursuant to the person's contract, if applicable, and in  
6 the actual performance of the work.

7 (iv) Not hire and/or utilize any contractor or subcontractor that has:

8 (A) Been debarred or suspended by any federal, state or local government agency or  
9 authority in the past three (3) years;

10 (B) Had any type of business, contracting or trade license, registration, or other certification  
11 revoked or suspended in the past three (3) years; or

12 (C) Been found in violation of any tax laws, prompt payment laws, wage and hour laws,  
13 prevailing wage laws, environmental laws or others, where the result of the violation was the  
14 payment of a fine, back pay damages or any other type of penalty in the amount of one thousand  
15 dollars (\$1,000) or more within the last five (5) years.

16 **42-64.35-4. Establishment of the fund -- Composition.**

17 (a) There is hereby established at the corporation a restricted account known as the  
18 residential reuse incentive fund (the "fund") in which all amounts appropriated for the program  
19 created under this chapter and any returns on investments from the fund shall be deposited. The  
20 fund shall be exempt from attachment, levy, or any other process at law or in equity and the  
21 corporation may pay, reserve, and/or pledge money from the fund to provide competitive program  
22 grants or loan or equity investments in qualified residential reuse projects.

23 (b) The fund shall consist of:

24 (1) Money appropriated in the state budget to the fund;

25 (2) Money made available to the fund through federal programs or private contributions;

26 (3) Repayments of principal and interest from loans made from the fund;

27 (4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial  
28 assistance provided under this chapter;

29 (5) Application or other fees paid to the fund to process requests for financial assistance;

30 (6) Recovery made by the corporation on the sale of an appreciated asset in which the  
31 corporation has acquired an interest under this chapter; and

32 (7) Any other money made available to the fund.

33 **42-64.35-5. Applications -- Powers of corporation -- Reports.**

34 (a) An applicant seeking support as provided in § 42-64.35-3 shall submit a request to the

1 corporation pursuant to an application procedure prescribed by the corporation.

2 (b) Any approval for funding under this chapter shall only be granted by the corporation  
3 and shall require the concurrence of the secretary of housing.

4 (c) The corporation may set the terms and conditions for support provided pursuant to the  
5 provisions of this chapter. Subject to the provisions as provided in subsection (b) of this section,  
6 any decision to grant or deny support lies within the sole discretion of the corporation.

7 (d) The corporation shall publish a report on the fund at the end of each fiscal year. The  
8 report shall contain information on the commitment, disbursement, and use of funds allocated under  
9 the fund. The report shall also, to the extent practicable, track the economic impact of projects that  
10 have been completed using the fund. The report is due no later than sixty (60) days after the end of  
11 the fiscal year and shall be provided to the speaker of the house of representatives, the president of  
12 the senate, and the secretary of housing.

13 **42-64.35-6. Implementation guidelines, directives, criteria, rules, regulations.**

14 The corporation shall adopt implementation guidelines, directives, criteria, rules, and  
15 regulations pursuant to chapter 35 of this title ("administrative procedures") as are necessary for  
16 the implementation of the corporation's responsibilities under this chapter and impose such fees  
17 and charges as are necessary to pay for the administration and implementation of this program.  
18 Rules and regulations shall permit projects receiving support under this chapter to:

19 (1) Apply for and receive support from any other local, state, or federal program; and

20 (2) Receive investment through federally-insured or credit-enhanced mortgage financing,  
21 mortgage-backed securities, taxable bond financing, and other financing structures.

22 **42-64.35-7. Program integrity.**

23 Program integrity being of paramount importance, the corporation shall establish  
24 procedures to ensure ongoing compliance with the terms and conditions of the program established  
25 herein, including procedures to safeguard the expenditure of public funds and to ensure that the  
26 funds further the objectives of the program.

27 **42-64.35-8. Sunset.**

28 (a) The provisions of this chapter shall sunset and expire on December 31, 2035.

29 (b) No funding, credits, or incentives shall be authorized or authorized to be reserved  
30 pursuant to this chapter after December 31, 2035.

31 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RESIDENTIAL REUSE  
INCENTIVE ACT

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1           This act would create a state program to provide loans, grants, or investments to convert  
2 existing buildings into multi-family or mixed-use housing, including adaptive reuse projects. It  
3 requires a share of units to be affordable and sets labor, wage, and apprenticeship standards for  
4 larger projects. It also establishes a dedicated fund, oversight, and reporting, and sunsets the  
5 program after 2035.

6           This act would take effect upon passage.

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