

THE CITY OF CRANSTON

ORDINANCE OF THE CITY COUNCIL

IN AMENDMENT OF TITLE 3 OF THE CODE OF THE CITY OF CRANSTON, 2005, ENTITLED "REVENUE AND FINANCE", ADDING CHAPTER 3.110 – TEN (10) YEAR TAX STABILIZATION FOR PROPERTY LOCATED AT OAKLAWN AVENUE (Plat 17-3, Lot 670) (OAKLAWN AVENUE TAX STABILIZATION)

Ordinance No. 2023-

Passed:

Jessica Marino, Council President

Approved:

Kenneth J. Hopkins, Mayor

It is ordained by the City of Cranston City Council as follows:

Section 1. Amalgamated Financial Equities I, LLC ("Project Owner") is the owner of certain real property located in the City at Oaklawn Avenue, Assessor's Plat 17-3, Lot 670 the "Property").

Project Owner has proposed constructing one multi-family residential building, providing twelve (12) residential units, two (2) of which shall be affordable housing units, situated on Oaklawn Avenue that will eventually be leased to individuals in Cranston, Rhode Island (the "Project").

The City Council of Cranston, after due consideration, has determined that it would benefit the City to encourage and assist the Owner to use and develop the Property.

In order to encourage and facilitate the Owner's development and use of the Property for the benefit of the City, the City seeks to establish a stabilized amount of real property taxes to be paid on account of the Property for an operational period of ten (10) years, notwithstanding the other applicable valuation or rate of taxation for such property.

The City and Owner both agree that such a stabilized amount of taxes will inure to the benefit of the City by encouraging and facilitating the development and continued use of the Property by the Owner within Cranston.

Under Article 13, Section 5 of the Rhode Island Constitution, the General Assembly retains exclusive power over matters relating to municipal taxation. Notwithstanding, and pursuant to

46 Rhode Island General Laws (R.I.G.L.) § 44-3-9, the General Assembly has authorized the City of
47 Cranston, acting through its City Council and subject to certain enumerated conditions, to
48 exempt or determine a stabilized amount of taxes to be paid on account of real and personal
49 property for a period not to exceed twenty (20) years.

50
51 In consideration of the mutual agreements and promises set forth herein and other good and
52 lawful consideration the receipt of which is hereby acknowledged, the parties agree as follows:

53
54 SECTION 1. DEFINITIONS.

55
56 “Property” shall mean certain real property together with any and all buildings, structures,
57 and/or improvements now or in the future located at Oaklawn Avenue in the City of Cranston at
58 Assessor’s Plat 17-3, Lot 670.

59
60 “Property Owner” shall mean the Project Owner or any other respective entities with the
61 legal or equitable right and/or interest in and/or to the Property, including any and all successors
62 and assigns.

63
64
65 SECTION 2. TAX STABILIZATION.

66
67 Section 2.1. Grant. The City, in accordance with R.I.G.L. § 44-3-9, does hereby grant a ten (10)
68 year tax stabilization in favor of the Property Owner with respect to the Property.

69
70 Section 2.2. Term. The tax stabilization term shall be ten (10) years and shall be the period
71 commencing on _____, 2024 and terminating on _____, 2034. (Tax Years 2024-
72 2034) (the “Term”).

73
74 Section 2.3. Plan. During the tax stabilization term as defined in Section 2.2 above, the City has
75 determined the stabilized amount of taxes to be paid by the Property Owner with respect to the
76 Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows:
77 For tax year 2024, the Property Owner shall make a tax payment equal to the taxes due and
78 owing for the December 31, 2023 assessment value multiplied by the 2023 Tax Year tax rate.
79 The Tax Assessor shall determine an assessment value of the Property of _____ that
80 will serve as the base assessment for the Term of the Agreement (“Base Assessment”). For each
81 tax year thereafter, the Property Owner will pay a percentage of the Base Assessment value of
82 the Property multiplied by the then-current rate. See “Tax Stabilization Plan” incorporated herein
83 as if fully reproduced and attached hereto and as Exhibit A.

84
85 Further, if any of the following improvements are present at the Property during the Term, there
86 shall be no tax assessment (either real estate or tangible) or tax charged, with said improvements
87 to be exempt:

- 88 1. Energy storage batteries;
89 2. Photovoltaic panels (either freestanding or on parking canopies);
90 3. Parking canopies whose purpose is supporting photovoltaic panels; and
91 4. Windmills.

92
 93 Section 2.4. Payment Deadlines. During the tax stabilization term as defined in Section 2.2 above
 94 and in accordance with the tax stabilization plan outlined in Section 2.3 above, stabilized tax
 95 payments shall be made in either a lump sum during the first quarter of the applicable tax year or
 96 in equal quarterly installments at the discretion of the Property Owner. If the Property Owner
 97 elects to make quarterly installments, each quarterly installment shall be due on the same date
 98 that quarterly taxes are due for all other taxpayers in the City of Cranston.

99
 100 Section 2.5. Obligation of Property Owner to Make Payment. During the tax stabilization term as
 101 defined in Section 2.2 above and in accordance with the tax stabilization plan outlined in Section
 102 2.3 above, stabilized tax payments shall be an obligation of the Property Owner. It is understood
 103 that the stabilized tax payments made hereunder are deemed by the City of Cranston to be tax
 104 payments, and the Property Owner shall be entitled to all of the rights and privileges of a
 105 taxpayer in the City, including, without limitation, the right to challenge and appeal any improper
 106 tax levy, but not the Base Assessment value. Due to the use of the Base Assessment throughout
 107 the Term, the Property will not be re-assessed following the City's regular revaluation cycle and
 108 the assessment shall remain at Base Assessment throughout the Term.

109
 110 Section 2.6. Recording of Agreement, Running with Land. Upon the execution of this
 111 Agreement, the Property Owner shall cause a Notice of this Agreement to be recorded at its
 112 expense in the City's official public land evidence records.

113
 114
 115 SECTION 3. PERFORMANCE OBLIGATIONS.

116
 117 Section 3.1. Permits and Certificates of Occupancy.
 118 Property Owner shall obtain all permits and certificates of occupancy as required by state
 119 and local law in connection with any and all intended construction or rehabilitation at the
 120 Property.

121
 122 SECTION 4. TRANSFER OF THE PROPERTY.

123
 124 Section 4.1. Transfer Generally. Stabilized tax payments shall be an obligation of the Property
 125 Owner during the tax stabilization term as defined in Section 2.2 above and in accordance with
 126 the tax stabilization plan outlined in Section 2.3 above. Additionally, in accordance with Section
 127 2.6, the burdens and benefits of this Agreement will run with the land, and as for payment of
 128 taxes shall run in favor of the City regardless of any transfer of ownership. The Property Owner
 129 further agrees, during the tax stabilization term as defined in Section 2.2 above, to provide
 130 written notice to the City of Cranston within thirty (30) days of any transfer of title to the real
 131 estate.

132
 133 Section 4.2. Transfer to Tax Exempt Entities. During the tax stabilization term as defined in
 134 Section 2.2 above, in the event that one of the respective entities comprising the Property Owner
 135 transfers one of the lots comprising the Property to a tax exempt entity, this Agreement shall be
 136 void ab initio as it pertains to the respective lot being transferred and the owner thereof and any
 137 entity holding the legal right or legal interest in that respective lot at the time of said transfer

138 shall be liable for the full taxes due and owing from the Effective Date of this Agreement and
139 forward.

142 SECTION 5. NOTICE.

143 _____
144 Section 5.1. Agreed Upon Address for Purposes of Written Notice. All notices, requests,
145 consents, approvals, and any other communication which may be or are required to be served or
146 given (including changes of address for purposes of notice) shall be in writing and shall be sent
147 registered or certified mail, or by nationally recognized overnight courier (such as Federal
148 Express or UPS) and addressed to the following parties set forth below:

149 _____
150 If to: City of Cranston
151 Office of the City Clerk
152 869 Park Avenue
153 Cranston, RI 02910

154 _____
155 If to: Amalgamated Financial Equities I, LLC
156 Attn: Mr. Kelly M. Coates
157 1414 Atwood Avenue
158 Johnston, RI 02919

159 _____
160 Copy to: Moses Ryan Ltd.
161 Attn: Thomas V. Moses, Esq.
162 40 Westminster Street, 9th Floor
163 Providence, RI 02903

166 SECTION 6. MISCELLANEOUS TERMS.

167 _____
168 Section 6.1. Assignment. This Agreement shall inure to the benefit of and shall be binding upon
169 the City and Owner and their respective successors and assigns. Owner may assign, convey,
170 pledge or transfer all of its rights, interests and obligations arising under this Agreement to any
171 entity that is a successor in interest to Owner with respect to the Property, or to any secured party
172 in connection with financing Owner’s operations.

173 _____
174 Section 6.2. Severability. The sections of this Agreement are severable, and if any of its sections
175 or subsections shall be held unenforceable by any court of competent jurisdiction, the decision of
176 the court shall not affect or impair any of the remaining sections or subsections.

177 _____
178 Section 6.3. Applicable Law. This Agreement shall be construed under the laws of the State
179 of Rhode Island.

180 _____
181 Section 6.4. Representations and Warranties. Owner and the City each represent and
182 warrant that (i) it has the full right, power, and authority to enter into this Agreement and (ii) that
183 it has received independent legal advice with respect to the advisability of entering into this

184 Agreement. Property Owner and the City of Cranston agree that Property Owner retains the right
185 to appeal the valuations of the Property or calculation of the taxes assessed from time to time.

186 _____
187 Section 6.5. Modifications Amendments and/or Extensions. This Agreement shall not be
188 modified, amended, extended or altered in any way by oral representations made before or after
189 the execution of this Agreement. Any and all modifications, amendments, extensions or
190 alterations must be in writing duly executed by all parties.

191 _____
192 Section 6.6. Entire Agreement. This Agreement and all attachments, addenda, and/or
193 exhibits attached hereto shall represent the entire agreement between City and the Property
194 Owner and may not be amended or modified except as expressed in this document. Any and all
195 modifications, amendments, extensions or alterations must be in writing duly executed by all
196 parties.

197 _____
198 Section 6.7. Fire or Acts of God. If any improvement or building upon the Property is
199 damaged or destroyed by fire or any act of God including but not limited to fire, wind, flood, or
200 earthquake, the assessment shall be reduced commensurate with the value lost to the Property
201 due fire of act of God.

202 _____
203 Section 6.8. Effective Date. This Agreement shall take effect upon execution by all parties and
204 the passage of this Ordinance by the Cranston City Council.

205 _____
206 The Parties hereto, by their duly authorized representative, have executed this Agreement on this
207 day of _____ 2024.

208 _____
209 _____
210 _____
211 CITY OF CRANSTON, RI

AMALGAMATED FINANCIAL
EQUITIES I, LLC

212 _____
213 _____
214 BY:

BY:

215 _____
216 _____
217 _____
218 _____
219 _____

220 **Section 2.** This ordinance shall take effect upon its final adoption and execution by all parties.
221
222
223

224 Positive Endorsement:

Negative Endorsement: (Attach reasons)

225
226
227

228 _____

229 City Solicitor Date

City Solicitor Date

230

231 Sponsored by: Council President Marino

232

233 Referred to: Finance Committee on January 8, 2024

234

235

236

237

238

239

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241

<u>Exhibit A</u>		
Year	Percentage of Full Assessment Increases	Tax Payment Under Stabilization Agreement
1	Construction	2023 Assessment * 2023 Commercial Tax Rate
2	10%	10% of Base Assessment * Year 2 Commercial Tax Rate
3	20%	20% of Base Assessment * Year 3 Commercial Tax Rate
4	30%	30% of Base Assessment * Year 4 Commercial Tax Rate
5	40%	40% of Base Assessment * Year 5 Commercial Tax Rate
6	50%	50% of Base Assessment * Year 6 Commercial Tax Rate
7	60%	60% of Base Assessment * Year 7 Commercial Tax Rate
8	70%	70% of Base Assessment * Year 8 Commercial Tax Rate
9	80%	80% of Base Assessment * Year 9 Commercial Tax Rate
10	90%	90% of Base Assessment * Year 10 Commercial Tax Rate
11	Full Taxation	Base Assessment * Year 11 Commercial Tax Rate

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