

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)~~ \***TWELVE (12)**  
YEAR TAX STABILIZATION FOR PROPERTY LOCATED AT OAKLAWN AVENUE (PLAT  
17-3, LOT 670)  
(OAKLAWN AVENUE TAX STABILIZATION)

No.

*\*As amended in Committee 11/13/2024*

*Passed:*

\_\_\_\_\_  
*Jessica M. Marino, Council President*

*Approved:*

\_\_\_\_\_  
*Kenneth J. Hopkins, Mayor*

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

WHEREAS, 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”), and

WHEREAS, 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”); and

WHEREAS, 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; **and**

WHEREAS, 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)~~ \***twelve (12)** years, notwithstanding the other applicable valuation or rate of taxation for such property; **and**

WHEREAS, 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; \***and**

**\*WHEREAS, the City’s tax revenues will grow tremendously pursuant to the terms of this tax stabilization as the city’s tax revenue in tax year 2024 is \$1,533.85 based on a valuation of \$112,700 for this vacant parcel, but will grow, based on the Owner’s projected**

**\$1,800,000 valuation, to tax revenue of approximately \$11,025 in tax year 2029 and tax revenue of \$36,756 at the completion of the tax stabilization. Based on these current and projected valuations, If the property remained vacant, the city’s tax revenue would be \$18,400 in total over the next twelve (12) years compared to the tax revenue under this tax stabilization of \$205,225; and**

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

NOW THEREFORE, in consideration of the mutual agreements and promises set forth herein and other good and lawful consideration the receipt of which is hereby acknowledged, the parties agree as follows:

#### SECTION 1. DEFINITIONS.

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

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

#### SECTION 2. TAX STABILIZATION.

Section 2.1. Grant. The City, in accordance with R.I.G.L. § 44-3-9, does hereby grant a ~~\*ten (10)~~ **\*twelve (12)** year tax stabilization in favor of the Property Owner with respect to the Property.

Section 2.2. Term. The tax stabilization term shall be ~~\*ten (10)~~ **\*twelve (12)** years and shall be the period commencing on **\*December 31,** 2024 and terminating on **\*December 31,** ~~\*2034~~ **\*2036.** (Tax Years 2024- ~~\*2034~~ **\*2036**) (the “Term”).

Section 2.3. Plan. During the tax stabilization term as defined in Section 2.2 above, the City has determined the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows: For tax years ~~\*2024~~ **\*2025 and 2026,** the Property Owner shall make a tax payment equal to the taxes due and owing for the December 31, ~~\*2023~~ **\*2024** and December 31, 2025 assessment values respectively multiplied by the ~~\* 2023~~ **\*2025 and 2026 Tax Year tax rate. Thereafter, the Property Owner shall make a tax payment equal to the then-current assessment value set by the Tax Assessor (“Base Assessment”) multiplied by the then-current tax rate (hereinafter the “Base**

**Assessment Tax**). For each tax year thereafter, the Property Owner will pay a percentage of the Base Assessment value of the Property multiplied by the then-current rate. See “Tax Stabilization Plan” incorporated herein as if fully reproduced and attached hereto and as Exhibit A.

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

1. Energy storage batteries;
2. Photovoltaic panels (either freestanding or on parking canopies);
3. Parking canopies whose purpose is supporting photovoltaic panels; and
4. ~~\*Windmills.~~

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

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

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

### SECTION 3. PERFORMANCE OBLIGATIONS.

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

**\*Section 3.2. Commencement of Performance. Construction or rehabilitation shall commence within twelve (12) months, and the Project Owner shall obtain a Certificate of Occupancy within thirty-six (36) months of the effective date of said agreement. A Property Owner who fails to meet either of these deadlines will be**

**required to retroactively pay the difference between their actual stabilized tax payments and what they would have paid if ineligible for the specified tax considerations.**  
The owner may, twelve (12) months prior to the applicable deadline, submit a request to the city council for approval of an extension to such applicable deadline.

#### SECTION 4. TRANSFER OF THE PROPERTY.

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

Section 4.2. Transfer to Tax Exempt Entities. During the tax stabilization term as defined in Section 2.2 above, in the event that one of the respective entities comprising the Property Owner transfers one of the lots comprising the Property to a tax exempt entity, this Agreement shall be void ab initio as it pertains to the respective lot being transferred and the owner thereof and any entity holding the legal right or legal interest in that respective lot at the time of said transfer shall be liable for the full taxes due and owing from the Effective Date of this Agreement and forward.

#### SECTION 5. NOTICE.

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

If to: City of Cranston  
 Office of the City Clerk  
 869 Park Avenue  
 Cranston, RI 02910

If to: Amalgamated Financial Equities I, LLC  
 Attn: Mr. Kelly M. Coates  
 1414 Atwood Avenue  
 Johnston, RI 02919

\*Copy to: ~~Moses Ryan Ltd.~~  
~~Attn: Thomas V. Moses, Esq.~~  
~~40 Westminster Street, 9<sup>th</sup> Floor~~  
~~Providence, RI 02903~~

## SECTION 6. MISCELLANEOUS TERMS.

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

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

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

Section 6.4. Representations and Warranties. Owner and the City each represent and warrant that (i) it has the full right, power, and authority to enter into this Agreement and (ii) that it has received independent legal advice with respect to the advisability of entering into this Agreement. Property Owner and the City of Cranston agree that Property Owner retains the right to appeal the valuations of the Property or calculation of the taxes assessed from time to time.

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

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

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

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

[Signature page follows]

IN WITNESS WHEREOF, THE PARTIES HERETO, by their duly authorized representative, have executed this Agreement on this \_\_ day of \_\_\_\_\_ 2024.

CITY OF CRANSTON, RI

AMALGAMATED FINANCIAL  
EQUITIES I, LLC

BY:

BY:

\_\_\_\_\_

\_\_\_\_\_

Sponsored by: \_\_\_\_\_

Referred to Finance Committee: \_\_\_\_\_

| <b><u>Exhibit A</u></b> |  |  |
|-------------------------|--|--|
| <b>Year</b>             | <b>Percentage of Full Assessment Increases</b> | <b>Tax Payment Under Stabilization Agreement</b>                                   |
| <b>1</b>                | Construction                                   | <b><u>*December 31, 2024</u> Assessment *<u>FY2025</u> Commercial Tax Rate</b>     |
| <b><u>*2</u></b>        | <b><u>*Construction</u></b>                    | <b><u>*December 31, 2025</u> Assessment *<u>FY2026</u> Commercial Tax Rate</b>     |
| <b><u>*3</u></b>        | 10%  | 10% of Base Assessment * Year <b><u>3</u></b> Commercial Tax Rate                  |
| <b><u>*4</u></b>        | 20%  | 20% of Base Assessment * Year <b><u>4</u></b> Commercial Tax Rate                  |
| <b><u>*5</u></b>        | 30%  | 30% of Base Assessment * Year <b><u>5</u></b> Commercial Tax Rate                  |
| <b><u>*6</u></b>        | 40%  | 40% of Base Assessment * Year <b><u>6</u></b> Commercial Tax Rate                  |
| <b><u>*7</u></b>        | 50%  | 50% of Base Assessment * Year <b><u>7</u></b> Commercial Tax Rate                  |
| <b><u>*8</u></b>        | 60%  | 60% of Base Assessment * Year <b><u>8</u></b> Commercial Tax Rate                  |
| <b><u>*9</u></b>        | 70%  | 70% of Base Assessment * Year <b><u>9</u></b> Commercial Tax Rate                  |
| <b><u>*10</u></b>       | 80%  | 80% of Base Assessment * Year <b><u>10</u></b> Commercial Tax Rate                 |
| <b><u>*11</u></b>       | 90%  | 90% of Base Assessment * Year <b><u>11</u></b> Commercial Tax Rate                 |
| <b><u>*12</u></b>       | Full Taxation                                  | <b><u>*100% of</u> Base Assessment * Year <b><u>12</u></b> Commercial Tax Rate</b> |