

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 3.111 ~~*TEN (10)~~ *TWELVE (12)
YEAR TAX STABILIZATION FOR PROPERTY LOCATED AT 320 SCITUATE AVENUE
(SCITUATE AVENUE TAX STABLIZATION)

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, Carpionato Properties, Inc. is the owner of certain real property located in the City at 320 Scituate Avenue, Assessor’s Plat 20-2, Lot 2112; and

WHEREAS, Alfred Carpionato Estate is the owner of certain real property located in the City at Scituate Avenue, Assessor’s Plat 20-2, Lot 2116; and

WHEREAS, West Bay LLC is the owner of certain real properties located in the City at Scituate Avenue, Assessor’s Plat 20-4, Lot 2117; Plat 20-4, Lot 2128; and Plat 12-6, Lot 3108; and

WHEREAS, the owners of the Scituate Avenue properties above (collectively, the “Property”) are subsidiaries and/or affiliates falling under the common ownership of Carpionato Group LLC (collectively, the “Property Owner”); and

WHEREAS, the Project Owner has proposed constructing multi-family residential buildings, providing residential units with amenities situated on Scituate Avenue known as “Champlin Hills” that will eventually be leased and utilized by individuals in Cranston, Rhode Island as Phase One; and

WHEREAS, the Project Owner has also proposed constructing multi-family residential buildings, providing additional residential units, a percentage of *fifteen percent (15%)* which will be affordable, in later phases situated on Scituate Avenue known as “Champlin Heights” that will eventually be leased by individuals in Cranston, Rhode Island as Phase Two (collectively, the “Project”); and

WHEREAS, the Project will result in an increase in the tax base of the City of Cranston, an increase in expenditures by residents in the City of Cranston and will provide affordable housing units in the City of Cranston. 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, 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 for the Property is \$23,430 based on a valuation of \$1,721,500, but will grow, based on the Owner's projected \$38,225,700 valuation, to annual tax revenue of \$780,569 at the completion of the tax stabilization; 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, 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 Scituate Avenue in the City of Cranston at Assessor's Plat 20-2, Lots 2112, 2116; Plat 20-4, Lot 2117; Plat 20-4, Lot 2128; and Plat 12-6, Lot 3108.

"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").** ~~The Tax Assessor shall determine an assessment value of the Property of \$_____ that will serve as the base assessment for the Term of the Agreement ("Base Assessment").~~ 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. When Phase Two (Champlin Heights) of the Project is completed, the Tax Assessor shall determine an assessment value of the Property ~~*of \$_____~~ that will serve as the updated base assessment for the remaining Term of the Agreement ("Updated Base Assessment"), and the Updated Base Assessment will replace the Base Assessment in the calculation of tax owed. 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 assessment and/or reassessment.

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 2.7. Satisfaction of Obligations. The City of Cranston agrees that so long as the stabilized tax payments are made by the Project Owner in accordance with the terms of this ordinance, the City of Cranston shall, during the term of this agreement, accept said payments in full satisfaction of the obligations of the Project Owner as to the payment of any and all taxes and property assessments to the City of Cranston which would otherwise be levied upon or with respect to the Project Property, including future customary repairs and customary renovations of the Property which may now exist or which may hereafter be placed or erected thereon or located thereat or used therein, but excluding material renovations or improvements beyond that contemplated in the Project.

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: West Bay LLC
Attn: Mr. Kelly M Coates
1414 Atwood Avenue
Johnston, RI 02919

~~*Copy to: Moses Ryan Ltd.
40 Westminster Street, 9th Floor
Providence, RI 02903~~

If to: Carpionato Properties Inc.
Attn: Mr. Kelly M Coates
1414 Atwood Avenue
Johnston, RI 02919

~~*Copy to: Moses Ryan Ltd.
40 Westminster Street, 9th Floor
Providence, RI 02903~~

If to: Alfred Carpionato Estate
Attn: Mr. Kelly M Coates
1414 Atwood Avenue

Johnston, RI 02919

*Copy to: ~~Moses Ryan Ltd.~~
~~40 Westminster Street, 9th 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 of 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

WEST BAY LLC

BY:

BY:

ALFED CARPIONATO ESTATE

CARPIONATO PROPERTIES INC.

BY:

BY:

Sponsored by: _____

Referred to Finance Committee: _____

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

****Updated Base Assessment to replace Base Assessment in the above calculations when Phase Two (Champlin Heights) is completed and for all the remaining years.****