

THE CITY OF WARWICK
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 74 TAXATION

No. O-16-13 Date 6/8/16

Approved [Signature] Mayor

AN ORDINANCE AMENDING THE CITY OF WARWICK CODE OF ORDINANCES
CHAPTER 74 TAXATION – TAX STABILIZATION FOR
WARWICK INTERMODAL DISTRICT

WHEREAS, the State of Rhode Island and the City of Warwick have experienced an unprecedented economic recession, the likes of which have not been experienced for several social and family generations; and

WHEREAS, the Warwick Intermodal District was created to spur economic development in Warwick to expand the City’s total assessed valuation, to reduce property tax rates, to create new jobs and to assist local businesses from the growth of this District; and

WHEREAS, the State recently adopted statutory programs to encourage and assist economic development projects; one known as the Rebuild Rhode Island Tax Credit program, codified at the R.I. General Laws 42-64.20-et seq.; another known as the Rhode Island Tax Stabilization Incentive, codified at the R.I. General Laws 42-64.22-et seq.; and a third allowing for local tax stabilization agreements, codified at R.I. General Laws 44-3-9; and

WHEREAS, Warwick desires to coordinate with the Rebuild Rhode Island Tax Credit and Tax Stabilization programs and take further action to assist investors and developers to participate to the maximum extent possible in government sponsored economic development incentives to spur investment, job creation, redevelopment and additional economic activities in the Intermodal District; and

WHEREAS, a property tax stabilization program designed as a mechanism to jump start economic investment and jobs, development life and vitality to this important mixed use center of growth in the City is determined to be warranted and justified in the Intermodal District; and

WHEREAS, a property tax stabilization program is complementary, supportive and in certain instances required to for investors to participate in the Rebuild Rhode Island Tax Credit and Tax Stabilization programs and to help bridge the gap in financing projects associated with the additional costs directed to assemble parcels usually with separate owners, raze blighted or outmoded structures and in some cases perform costly environmental remediation - added costs and complexity associated with these actions create significant expenditures and creates a gap in financing developments within Intermodal District and creates a cost disadvantage for development within the Intermodal District as compared to other areas in the City - which is the basis to justify the following proposed tax stabilization program in the Warwick Intermodal District.

NOW, THEREFORE, be it ordained by the City Council of the City of Warwick:

Section 1. Chapter 74, of the Code of Ordinances for the City of Warwick is hereby amended to add Article VII, Section 147 – et seq, “Tax Stabilization for Warwick Intermodal District” as follows:

1 **ARTICLE VII. TAX STABILIZATION FOR WARWICK INTERMODAL DISTRICT**

2 **Sec. 74-147. Declaration of purpose and findings.**

- 3 (a) The City Council of the City of Warwick has the authority, pursuant to the relevant
4 provisions of Section 44-3-9 of the General Laws of the State of Rhode Island, as
5 amended, to exempt from tax payment, in whole or in part, real and personal property
6 which has undergone environmental remediation, is historically preserved, or is used for
7 affordable housing, manufacturing, commercial or residential purposes, or to determine a
8 stabilized amount of taxes to be paid on account of the property, notwithstanding the
9 valuation of the property or the rate of tax.
- 10
- 11 (b) The City Council of the City of Warwick has determined that Warwick Intermodal
12 District is a priority economic development opportunity for Warwick in that the presence
13 of intermodal transportation in the district presents an opportunity for high-value, high-
14 quality, mixed-use growth.
- 15
- 16 (c) The City Council of the City of Warwick has determined that in order to increase the
17 pace of economic development and redevelopment in the Warwick Intermodal District,
18 and thereby increase the City's tax base, it is vital that the City provide property
19 developers, entrepreneurs and investors with a predictable tax phase-in plan that will
20 encourage investment in the Warwick Intermodal District. The City Council of the City
21 of Warwick finds and declares further that it is in the public interest to develop a set of
22 clear criteria for eligibility for tax stabilization, as well as a defined long-term plan to
23 bring a project to full taxation. Accordingly, the City Council for the City of Warwick
24 finds that granting the stabilization provided for in this Article will inure to the benefit of
25 the City by reason of, but not limited to, the following:
- 26
- 27 1. Increasing the willingness of residential, commercial, hospitality and mixed-use
28 developers to locate in the Warwick Intermodal District;
- 29
- 30 2. Increasing the willingness of business dependent and business efficient facilities
31 to locate and expand with an increase in employment or the willingness of
32 commercial, mixed-use and hospitality business development to locate, retain or
33 expand its facility in Warwick and not substantially reduce its work force in
34 Warwick;
- 35
- 36 3. Resulting in improvement of the physical and infrastructure assets of a key
37 intermodal area in Warwick which will result in a long-term economic benefit to
38 Warwick; and
- 39
- 40 4. Increasing the willingness of mixed-use commercial, hospitality and residential
41 developers and property owners to construct new or to replace, reconstruct,
42 convert, expand, retain or remodel existing buildings, facilities, with modern
43 buildings, facilities, fixtures, equipment resulting in residential housing,
44 hospitality and/or mixed use commercial building investment in Warwick's
45 Intermodal District.

46 **Sec. 74-148. Definitions.**

47 As used in this article, unless the context clearly indicates otherwise, the following words shall
48 have the following meanings:

- 49 (a) "Applicant" means the property owner of an eligible property and eligible project who
50 initiates the property tax stabilization application process.
- 51
- 52 (b) "Development Project" means rehabilitation of an existing structure or construction of a
53 new building.
- 54
- 55 (c) "Warwick Intermodal District" means the zoning ordinance district established pursuant
56 to the relevant provisions of the Warwick Code of Ordinances, Appendix A, Zoning,
57 Section 301.11 A, as amended. See map attached hereto and incorporated herein as
58 Exhibit 1.

1
2 (d) “Property” means real and personal property which has undergone environmental
3 remediation, is historically preserved, or is used for affordable housing, manufacturing,
4 commercial, or residential purposes. “Property used for commercial purposes” means
5 any building or structures used essentially for offices or commercial enterprises.

6 **Sec. 74-149. Eligibility.**

- 7 (a) To be eligible for a stabilization agreement under this Article, the Property to be
8 stabilized must be part of a Development Project that meets the following criteria:
9
10 1. The Development Project must located entirely within the Warwick Intermodal
11 District, as set forth in Sec. 74-148 (c), as amended, herein.
12
13 2. The Development Project must have a project cost of construction of not less than
14 five million dollars (\$5,000,000).
15 3. The Project must be compliant with the City Centre Master Plan, as amended, and
16 Section 507 of the Warwick Zoning Ordinance entitled “Warwick Station
17 Development District” (inclusive), as well as the Table 1 Use Regulations
18 “intermodal” zoning for uses allowed within the district along with any provisions
19 of the Zoning Ordinance regulating the use of the Project.
20
21 (b) Construction of a Development Project receiving a tax stabilization agreement must
22 begin construction within twelve (12) months and must be completed within thirty-six
23 (36) months of the effective date of the stabilization agreement.
24
25 (c) No Development Project which includes, but is not limited to, a proposed use, business,
26 or commercial operation relocating a facility from a city or town within the state of
27 Rhode Island to Warwick shall be eligible for a tax stabilization agreement under this
28 Article. Additionally, there shall be a committee to review compliance with this anti-
29 cannibalization clause comprised of the Director of City Planning, the City Tax Assessor
30 and the City Council Finance Chair or his or her designee.
31
32 (d) Any Applicant for tax stabilization pursuant to this Article must be current on all tax, user
33 fees and any other payments owed to the City and otherwise in good standing to operate
34 as a business in the State of Rhode Island as of the time of application for a tax
35 stabilization agreement.
36
37 (e) This tax stabilization program shall end on December 15, 2021~~2027~~. No application for a
38 tax stabilization program shall be accepted after that date.

39 **Sec. 74-150. Stabilization schedule.**

- 40 (a) For the first five (5) years of the tax stabilization period, the tax assessment on the
41 Property that is the subject of an Application for a tax stabilization agreement pursuant to
42 the relevant terms of this Article shall be the “Base Tax,” which shall have been
43 determined prior to the commencement of the stabilization period by the city tax assessor
44 in the following manner:
45
46 1. If the site is subject to property taxes prior to the commencement of the
47 stabilization period the assessed valuation at the time of application shall be the
48 basis to determine the tax amount to constitute the “Base Tax” for the purpose of
49 the tax stabilization agreement.
50
51 2. If the site is not subject to property taxes prior to the commencement of the
52 stabilization period, the assessor shall determine the property valuation at the site,
53 and the “Base Tax” shall be based on that valuation.
54
55 (b) As consideration for receiving the benefits provided for in a tax stabilization agreement,
56 the Applicant, any successor-in-interest, any Owner/Lessor and/or Lessee/Tenant of the
57 Property waives and releases any and all rights to appeal or otherwise challenge the Base
58 Tax assessed value during the five year (5) Base Tax period. This waiver shall terminate

1 upon expiration of the five (5) year Base Tax period. All rights to appeal or otherwise
 2 challenge a tax assessment pursuant to the relevant provisions of the General Laws shall
 3 apply upon expiration of the Base Tax period under any tax stabilization agreement.

4
 5 (c) Upon issuance of a certificate of occupancy for the Project, the tax assessor shall assess
 6 the Project, and the Project shall thereafter be reassessed according to the City's regular
 7 revaluation cycle.

8
 9 (d) Property eligible for a tax stabilization under this Article shall be taxed pursuant to the
 10 following schedule:

<u>Year</u>	<u>Tax Abatement</u>
<u>1</u>	<u>Base Tax</u>
<u>2</u>	<u>Base Tax</u>
<u>3</u>	<u>Base Tax</u>
<u>4</u>	<u>Base Tax</u>
<u>5</u>	<u>Base Tax</u>
<u>6</u>	<u>90% of assessed value exempt from tax</u>
<u>7</u>	<u>80% of assessed value exempt from tax</u>
<u>8</u>	<u>70% of assessed value exempt from tax</u>
<u>9</u>	<u>60% of assessed value exempt from tax</u>
<u>10</u>	<u>50% of assessed value exempt from tax</u>
<u>11</u>	<u>40% of assessed value exempt from tax</u>
<u>12</u>	<u>30% of assessed value exempt from tax</u>
<u>13</u>	<u>20% of assessed value exempt from tax</u>
<u>14</u>	<u>10% of assessed value exempt from tax</u>
<u>15</u>	<u>0% of assessed value exempt from tax</u>

11
 12 In year 15 and thereafter, the Development Project will be taxed at the then-assessed value and
 13 be taxed at the then-normal rate applied by the City.

14 **Sec. 74-151. Application procedure for stabilization.**

15 (a) The application procedure shall proceed as follows

16
 17 1) An Applicant shall apply to the City's tax assessor's department for a tax
 18 stabilization agreement under this Article prior to obtaining a building permit. The
 19 application shall be on a form prescribed by the City's tax assessor's department
 20 and shall include:

21
 22 i. the program of building, alterations and/or improvements to be made;
 23

- 1 ii. a certification from the Applicant that the project meets the eligibility
2 requirements set forth in Section 74-149(a)(2) herein.
3
4 iii. a non-refundable filing fee of Three Thousand Five Hundred Dollars and
5 Zero Cents (\$3,500.00) which shall be used by the tax assessor to retain a
6 peer review to validate whether the Development Project meets the
7 investment costs set forth in this Article to qualify for eligibility.
8
9 (b) Upon receipt of an Application, the tax assessor's department shall forward the
10 application to the Warwick planning department for review. Within twenty (20) days of
11 the filing of the Application with the tax assessors department, the planning department
12 shall determine whether the Development Project meets the minimum requirements set
13 forth in Section 74-149 herein
14
15 (c) Within thirty (30) days of the filing of the Application for a tax stabilization agreement
16 with the tax assessor's department, the tax assessor's department shall either deem the
17 Application complete or provide a written response to the Applicant detailing any
18 deficiencies in the application.
19
20 (d) Once the Application is deemed complete, the tax assessor's department shall prepare a
21 tax stabilization agreement with the Applicant pursuant to and upon the terms set forth
22 in this Article. A fully executed tax stabilization agreement with the City is required for
23 a Development Project to receive the tax stabilization provisions provided for under this
24 Article.
25
26 (e) The tax assessor's department, together with the planning department, shall develop
27 standardized forms and additional procedures consistent with this Article, as they deem
28 necessary and proper to effectuate the terms and provisions of this Article.
29
30 (f) Nothing shall prohibit an Applicant having submitted an Application deemed
31 incomplete or ineligible from subsequently re-applying for a tax stabilization agreement
32 under this Article.

33 **Sec. 74-152. Miscellany.**

- 34 (a) The benefits of a tax stabilization agreement obtained pursuant to this Article shall be
35 transferable to Property owners and tenants, but the duration of the stabilization period
36 shall not be extended. The City Council of the City of Warwick, may upon application
37 made by an Applicant on a form provided by the Warwick City Clerk's office, provide
38 an extension and/or revision to a tax stabilization agreement at their sole and absolute
39 discretion.
40
41 (b) The receipt of a tax stabilization agreement under this Article shall not deprive any
42 person of the right to appeal the valuation or calculation of the taxes assessed from time
43 to time, except as provided for in 74-150(b).
44
45 (c) Nothing herein shall prohibit the City Council from extending a tax stabilization
46 agreement on different terms to a Development Project that would otherwise qualify for
47 stabilization under this Article.
48
49 (d) Annually, the tax assessor shall have performed a peer review audit to validate that all
50 performance criteria for the Development Project to remain eligible for the tax
51 stabilization program. An annual audit filing fee shall be established by the tax assessor
52 to reflect the actual cost, without any mark-up or contingency, of the required annual
53 peer review compliance audit.
54
55 (e) Nonpayment or late-payment of taxes due under this Article shall render the terms of
56 any tax stabilization agreement null and void if such non-payment or late payment is
57 not cured within sixty (60) days of any such delinquency; provided however, that the
58 taxpayer may petition the City Council to keep the tax stabilization agreement in place
59 one time during the term of the agreement. In addition, all authority granted to the City

1 in the General Laws to sell property at tax sale shall remain in full force and effect
2 during the period of any tax stabilization agreement.

- 3
4 (f) Upon execution of a tax stabilization agreement, the tax assessor shall notify and
5 provide a copy of the agreement to the City Council.

6 **Sec. 74-152. Severability.**

7 If any one section of this ordinance is found to be unenforceable, then the other provisions herein
8 shall continue to have the same force and effect as if the unenforceable provision were not
9 passed as part of this ordinance.

10
11 **Sec. 74-153 – 74-160. Reserved.**

12
13
14 **Section II.** The City Clerk of the City of Warwick is hereby authorized and directed to cause
15 said changes to be made to the Warwick Code of Ordinances.
16

17 **Section III.** This Ordinance shall take effect upon passage and publication as prescribed by law.

18 SPONSORED BY:
19 COUNCIL PRESIDENT TRAVIS,
20 COUNCILMAN COLANTUONO,
21 COUNCILMAN CHADRONET,
22 COUNCILWOMAN VELLA-WILKINSON,
23 COUNCILMAN SOLOMON,
24 COUNCILMAN LADOUCEUR
25 COUNCILWOMAN USLER,
26 COUNCILMAN GALLUCCI, and
27 COUNCILMAN MEROLLA
28 ON BEHALF OF
29 MAYOR AVEDISIAN

30
31 COMMITTEE: ORDINANCE