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LC005797

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO PROPERTY -- THE GREEN HOUSING PUBLIC-PRIVATE PARTNERSHIP
ACT

Introduced By: Representatives Tobon, Casey, Barros, Vella-Wilkinson, Williams,
Edwards, O'Brien, Craven, Corvese, and J Lombardi

Date Introduced: April 14, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 34 of the General Laws entitled "PROPERTY" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 37.2

4 THE GREEN HOUSING PUBLIC-PRIVATE PARTNERSHIP ACT

5 **34-37.2-1. Short title.**

6 This act shall be known and may be cited as "The Green Housing Public-Private
7 Partnership Act."

8 **34-37.2-2. Legislative findings.**

9 It is hereby found and declared as follows:

10 (1) Energy costs for housing projects are skyrocketing and will likely continue to increase.

11 (2) Energy use by housing projects contributes substantially to the problems of pollution
12 and global warming.

13 (3) Housing projects can be built using high-performance methods that save energy; reduce
14 water consumption; improve indoor air quality, and water; preserve the environment; and make
15 homes more environmentally resilient.

16 (4) This law is necessary to efficiently utilize public and private funds in construction
17 projects and would provide a method to incentivize homeowners and investors who build or
18 purchase properties built in compliance with the provisions of this chapter with crypto currency

1 payments as a credit for reducing utility expenses.

2 (5) Immediate action to develop housing using green site standards is imperative to ensure
3 compliance with the goals established by the Act on Climate.

4 **34-37.2-3. Definitions.**

5 For purposes of this chapter, the following definitions shall apply:

6 (1) "Bank" means any corporation, excluding national banks, having a place of business
7 within this state which engages in banking business.

8 (2) "Construction" means the process of building, altering, repairing, improving, or
9 demolishing any housing structure of any kind.

10 (3) "Cryptocurrency" means a digital or virtual currency that is secured by cryptography.

11 (4) "Department" means the department of business regulation.

12 (5) "Equivalent standard" means a high-performance green building standard, for housing
13 construction other than LEED, LEED for Neighborhood Development, and SITES, that provides a
14 rating system or measurement tool, that, when used, leads to outcomes, similar or equivalent to,
15 LEED, LEED for Neighborhood Development, and SITES outcomes, in terms of green building,
16 green infrastructure, and green site performance; current accepted equivalent standards, include
17 green globes, Northeast collaborative high-performance schools protocol; or other equivalent high-
18 performance green building, green infrastructure, and green site standards accepted by the
19 department.

20 (6) "LEED" also, "LEED for Neighborhood Development, and SITES certified standard"
21 means the current version of the United States Green Building Council Leadership in Energy and
22 Environmental Design green building rating standard referred to as LEED, LEED for
23 Neighborhood Development, and SITES certified. "SITES" means the U.S. Green Building
24 Council's Sustainable Sites Initiative.

25 **34-37.2-4. Rhode Island green housing fund.**

26 (a) There is hereby authorized and created within the department of business regulation
27 (DBR) a fund to be known as "the green housing fund" for the purpose of receiving up to five
28 hundred million (\$500,000,000) dollars in donations from Rhode Island banking institutions, and
29 a one-time appropriation of one hundred twenty-five million dollars (\$125,000,000) from the state,
30 which donations and/or appropriation may include funds from the American Rescue Plan Act of
31 2021, Pub. L. No. 117-2.

32 (b) The fund shall be used for the purpose of funding approved housing projects to be
33 administered through the department in consultation with the executive office of commerce.

34 (c) Housing projects must comply with LEED or equivalent to LEED standards to qualify

1 for funding under this chapter.

2 **34-37.2-5. Green housing - State responsibilities.**

3 The State of Rhode Island department of business regulation (DBR) shall be responsible
4 for the following duties pursuant to this chapter:

5 (1) The department shall guarantee all loans issued pursuant to this chapter in exchange for
6 a right to acquire the property if the loan subject to the property is defaulted on.

7 (2) The department shall provide for the negotiation of all conditions of any sales or lease
8 transaction authorized pursuant to this chapter and such negotiations shall be executed in the best
9 interests of the buyer/lessee.

10 (3) The department shall develop and maintain a list of shovel ready projects in conjunction
11 with the towns and cities and may, when necessary, exercise all powers of eminent domain
12 permitted by law.

13 (4) The department shall develop and maintain a supply chain network for construction
14 materials which shall be implemented to supply local businesses with sufficient construction
15 materials supplies to be used exclusively for housing projects pursuant to this chapter. Local
16 businesses would be required to reserve building materials acquired through this supply chain
17 network for green housing public-private projects only.

18 **34-37.2-6. Green housing - State benefits.**

19 In exchange for the states contributions pursuant to this chapter, the state shall be entitled
20 to the following:

21 (1) A twenty five percent (25%) ownership interest in any housing project pursuant to this
22 chapter; and

23 (2) A twenty five percent (25%) interest in any revenue generated by any project pursuant
24 to this chapter which shall include, but not be limited to, revenue generated from rent payments;
25 and

26 (3) A twenty five percent (25%) interest in any equity achieved through an increase in the
27 value of the property subject to any housing project pursuant to this chapter; and

28 (4) Twenty five percent (25%) of any profit which is realized as a result of the sale of any
29 property subject to a housing project under this chapter.

30 **34-37.2-7. Contractors partnership required.**

31 Any contractor or developer who undertakes a project pursuant to this chapter shall:

32 (1) Partner with a minority-owned business as defined in § 37-14.1-3 with a minimum
33 diversion of interest in the partnership as sixty percent (60%) interest to the contractor and forty
34 percent (40%) interest to the minority business owner. The parties subject to this division in interest

1 would share in the seventy-five percent (75%) interest in any housing project allocated to the
2 contractor or property owner pursuant to this chapter with the remaining twenty-five percent (25%)
3 interest in the project allocated to the state.

4 **34-37.2-8. Green housing rent to own program.**

5 The department of business regulation shall establish a rent-to-own program for home
6 buyers who have lived in an approved housing project location as a tenant at the same location for
7 five (5) years consecutively.

8 Upon completion of the fifth year of a consecutive tenancy, a tenant may apply to the
9 department, for a STOP/HEDGE rent to own agreement, which would be effective upon the
10 granting of notice by the lessee to the property owner that the lessee wishes to purchase the property
11 subject to the lease. The property owner, upon execution of the agreement with the lessee, would
12 be required to credit the lessee twenty-five percent (25%) of all prior rent payments as a down
13 payment on the property that was previously subject to the lease.

14 **34-37.2-9. Green housing eligibility.**

15 (a) When possible, preference for approval to sell a property developed under the green
16 housing public-private partnership act shall be provided to persons who are current residents of the
17 town or city where the project is located.

18 (b) The department shall promulgate rules and regulations relating to eligibility under this
19 chapter including an online application system available on the department website.

20 **34-37.2-10. Green housing carbon credits.**

21 (a) The public utility commission shall issue an annual report detailing the reduction in
22 utility costs realized by a housing project under this chapter as a result of the construction standards
23 set pursuant to § 34-37.2-4 and any ongoing efforts to reduce carbon emissions. Any reduction
24 amount of utility costs attributable to any housing construction project pursuant to this chapter shall
25 be assigned a credit amount which credit shall be eligible for redemption in byway of crypto
26 currency in the form of a green coin to be issued by the department to the property owner.

27 (b) Any revenue generated by the state pursuant to this section because of its status as a
28 twenty-five percent (25%) interest owner, shall be deposited in a restricted receipt account for the
29 purposes of funding future projects under this chapter.

30 **34-37.2-11. Appropriation.**

31 There shall be appropriated out of money in the treasury not otherwise appropriated for the
32 fiscal year 2022-2023, the sum of one hundred twenty-five million dollars (\$125,000,000) as a one-
33 time appropriation for the purposes of funding this chapter.

34 **34-37.2-12. Rules and regulations.**

1 The department of business regulation may issue reasonable rules and regulations,
2 consistent with this chapter, as are necessary to carry out the intent and purpose and implementation
3 of the responsibilities under this chapter.

4 **34-37.2-13. Severability.**

5 If any clause, sentence, paragraph, or part of this chapter or the application thereof to any
6 person or circumstance shall, for any reason, be adjudged by a court of competent jurisdiction to
7 be invalid, that judgment shall not affect, impair, or invalidate the remainder of this chapter or its
8 application to other persons or circumstances.

9 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 PROPERTY -- THE GREEN HOUSING PUBLIC-PRIVATE PARTNERSHIP
ACT

- 1 This act would create the green housing public-private partnership act to incentivize the
- 2 construction of properties with climate emissions reduction goals.
- 3 This act would take effect upon passage.

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