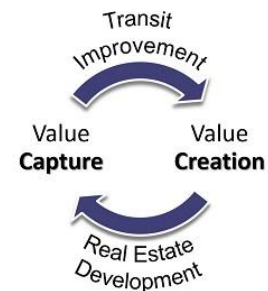


Rhode Island faces two interconnected challenges: providing stable funding for public transit operations and closing the persistent financing gaps that prevent much-needed housing from being built. A single strategy—**value capture**, including tools such as state **Tax Increment Financing (TIF)** – which Rhode Island already has enabled (§ [42-64.21](#)) – can help advance both goals while improving long-term affordability for residents.

Value capture is rooted in a simple idea: when public investments—such as transit service, stations, streetscape improvements, or utility upgrades—spur new private development, that development generates **new tax revenue**. Instead of flowing entirely into the general fund, some portion of that *incremental* increase in revenue can be dedicated to reinvestment in the very assets and services that made the growth possible. The result is a self-sustaining cycle of improvement, transit ridership, and housing production.



These revenues do **not** require any increase in existing tax rates; they come entirely from **new development and the increased sales and income taxes** generated in targeted districts.

Direct Affordability Benefits for Residents

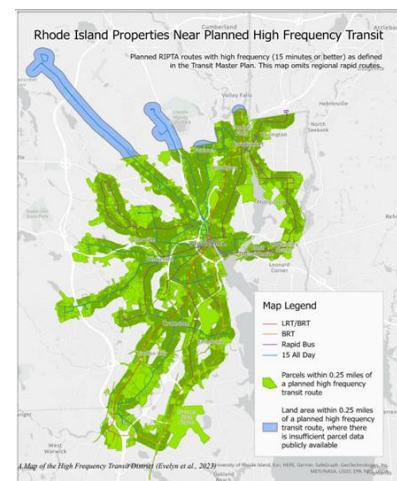
A value-capture strategy sharply improves **affordability** for residents in multiple ways.

1. Lower household transportation costs.

Transit-oriented investment gives residents real alternatives to car ownership. Households that can rely more on RIPTA and less on a second (or first) vehicle save up to \$12,000 annually in car payments, fuel, insurance, and maintenance. By dedicating value-capture revenue to transit operations—improving frequency, reliability, and evening/weekend service—communities directly reduce the cost burden on households, a core component of overall affordability.

2. More housing supply where it's most efficient to build.

By directing incentives to existing urban corridors—areas already served by transit and supported by water, sewer, and electric infrastructure—Rhode Island avoids the high public costs of extending utilities or roads into new greenfield areas. This location efficiency keeps development costs lower and



allows more of each project's budget to go toward actual housing rather than new infrastructure. The result is **more units at more attainable price points**.

3. A dedicated fund to close financing gaps.

A portion of the increment can seed a **Housing Gap-Closing Fund** to help overcome the common financing shortfalls that prevent otherwise viable housing—especially mixed-income and workforce housing—from moving forward. These gap-closing tools can make it possible to include more affordable units in each project, even in locations where rents alone cannot support construction costs.



Public Affordability and Climate Benefits

Affordability isn't only about household budgets—it's also about the public cost of growth and achieving Rhode Island's climate obligations.

1. Lower public cost per unit of housing.

Focusing development inside existing urbanized areas allows cities and towns to accommodate new residents without major new public expenditures. That means more efficient use of taxpayer dollars and less pressure on municipal budgets.

2. Reduced vehicle miles traveled (VMT) and lower emissions.

Transit-supportive, infill development directly reduces driving. Concentrating growth in walkable, transit-rich areas is one of the most cost-effective strategies for reducing VMT—a critical requirement for meeting Rhode Island's **Act on Climate** mandates for greenhouse gas reduction. The result is a cleaner, healthier, and more sustainable environment.

A Reinforcing Cycle of Growth and Affordability

Value capture aligns public investment with private-market timing. New growth generates new revenue, which in turn supports transit operations and affordable housing production—fueling further reinvestment. All of this occurs **without raising taxes** on existing residents.

This strategy helps Rhode Island create a virtuous cycle: stronger transit → lower household costs → more housing supply → reduced emissions → efficient use of public infrastructure → improved affordability for everyone.

Value capture, thoughtfully deployed, can become a cornerstone of a more affordable, connected, and climate-aligned Rhode Island.