



Amendments to Two-Tiered Tax Ordinance

Purpose & Intent

To incentivize landlords to make dwelling units available for long term rental, in order to maintain the availability of housing within the Town

Methodology

Make rental units eligible for the “owner-occupied” tax rate if they are rented under a written lease for one year or more, and the units rented are the principal residences of the tenants thereof.

Current Regulations

- Applicant may qualify for an owner-occupied residential tax rate on only one property in the town at any point in time.
- Applicants must reside at the property for more than 6 months per year.
- The applicant or their spouse must be a registered voter in the Town of Middletown.

Current Regulations

- Property must be owned by the taxpayer occupying the property, a trust of which the taxpayer is the beneficiary, a life tenant with responsibility for the payment of taxes, or to a corporate entity owned and controlled by the taxpayer
- Neither Applicant nor their can receive an owner-occupied rate or homestead exemption on other property elsewhere in RI or in any other state

Examples of Currently Qualifying Properties

- Single family in which owner resides more than 6 months per year.
- Duplex in which in which owner resides in one unit more than 6 months per year.
- Multifamily (5 units or less) in which owner resides in one unit more than 6 months per year.
- Mixed use property (residential & commercial) in which owner resides more than 6 months per year (commercial rate applied to commercial portion).

Examples of Currently Non-Qualifying Properties

- Single family in which the owner does not reside more than 6 months per year.
- Non-Owner-occupied single family rented on a long-term or short-term basis.
- Non-Owner-occupied duplex or multifamily.
- Non-Owner-occupied mixed-use property.

Intent of Amendments

To incentivize landlords to make dwelling units available for long term rental.

Proposed Amendments

Owner of residential real estate with no more than 5 units may qualify for owner-occupied rate if they rent all dwelling units at the subject property to tenants pursuant to a written lease for 1 year or longer, and the dwelling units rented are the principal residences of the tenants.

Proposed Amendments

Owner of residential real estate with no more than 5 units, who occupies 1 of the units for more than 6 months per year, may qualify for owner-occupied rate if they rent all of the other dwelling units at the subject property to tenants pursuant to a written lease for 1 year or longer, and the dwelling units rented are the principal residences of the tenants.

Proposed Amendments

An owner of residential real estate with 2 units who occupies one of the units as their principal residence and who does not rent out the 2nd unit, but uses it for their own personal use, may qualify for the owner-occupied rate if they certify under oath that they will not rent or offer to rent the second unit during the time they are granted the owner-occupied rate.

Proposed Amendments

- A property containing a dwelling unit used or registered as a short-term rental shall not qualify for the owner-occupied rate.
- However, an owner may rent up to 2 bedrooms to no more than 2 persons per room in their primary residence, while the owner is present, and still qualify for the owner-occupied rate.

Proposed Amendments

For mixed-use properties (both residential and commercial or business uses), the owner-occupied residential tax rate will be applied to the residential portion of the property if all residential dwelling units qualify at the property qualify, and the commercial tax rate will be applied to the commercial portion.