To:	Rachel Miller, Providence City Council President
From:	Tom Sgouros
Date:	15 February 2026
Re:	Fiscal note for rent stabilization statute

I have reviewed the proposed "Providence Rent Stabilization Act" (the "Act") for its impact on the budget of the city of Providence, and there are two areas in which the proposed act will likely have an impact. The first potential impact is on the city's property tax collections and the second is in the cost to administer the requirements of the Act, which I have separated into administrative personnel and legal costs.

The summary of the impacts is here, and the justifications follow.

Impact	**FY27**	**FY28**	**FY29**
Property tax collections, ongoing	(see Risks)	$0	$0
Administration, ongoing	$576,000	$593,000	$611,000

There are some less predictable risks to the city budget as well, and I have included a brief discussion of those, as well as a look at the economic impacts.

Property tax impact A 4% limit on future rent increases could have an effect on the valuation of rental properties. Since the city raises substantial revenue for its operation from the taxation of property value, this is a potential cause for concern with the Act.

An analysis of the 2025 property tax rolls[1] shows there are approximately 44,000 taxable and non-taxable properties in Providence, collectively valued at $38 billion. Each year, these properties bring in $395 million in taxes for the city budget, after correcting for collection efficiency. Including the school department, the city's annual budget is about $938 million, ($477 million[2] for the municipal departments and $461 million for the schools). Property taxes thus provide roughly 42% of total city revenue, which also includes federal and state funds, fees for service, investment income, and so on.

About 34,000 properties in the city have some sort of residential use (single family, multi-family, condo, apartment, etc.), with about $19 billion in aggregate value. Around 60% of them are either rental properties or contain residential rental units, collectively valued at approximately $10 billion. Available estimates vary, but it seems that about 40% of this value will qualify for one or another of the Act's exemptions, leaving about $6 billion in assessed values for rental properties. This is around 15% of the assessed property value in the city, so represents a substantial proportion of an important component of total city revenue, a little more than 6% of the city's annual budget.

However, tax assessments are not the way the city supports its services, but the way in which the city *apportions* the support of city services among the owners of property within the city boundaries. Each year, the city compensates for an increase or decline in the grand total of assessments by setting a new tax rate when the budget is approved. Therefore, any appeal and decline of property tax values in FY27 as a result of assessment appeals will be compensated when the FY28 tax rate is set. Therefore, over the long-term—after the first year—one can expect the fiscal impact of the Act to be negligible, though see the "Risks" section of this memo for a discussion of the first year.

Services/Personnel impact The Act requires the establishment and administration of the "Residential Rent Regulation Board" (the "Board") to administer the Act. The function of the board is envisioned

[1] Downloaded from the city data portal: https://data.providenceri.gov/Finance/2025-Property-Tax-Roll/6ub4-iebe/about_data

[2] This is $624 million city budget less the property tax revenue devoted to schools, to avoid double counting.

as a complaint-driven process, where the workload of the board is determined by the number of complaints submitted to it. It is not a board meant to be reviewing and passing judgment on all the rental contracts in the city. To handle the expected workload, the board is specified to have five volunteer members, an executive director, and staff support.

In size and scope, the Board appears comparable to the Providence External Review Authority (PERA), whose FY26 budget line item of $519,898 pays for an executive director and a small staff. (PERA makes up approximately 0.08% of the city's $624 million FY26 budget.)[3] Accordingly we suppose an executive director, an assistant, a case manager to investigate complaints, and a lawyer.

Role	**Est. Salary**
Executive Director of the Rent Board	$110,000
Executive Assistant to the Rent Board	$70,000
Case Manager	$80,000
Attorney	$90,000
Total	$350,000

Benefits are estimated at 40% for payroll taxes and pension benefits and $19,000 per employee for medical benefits, plus another $10,000 for office expenses brings this to $576,000, a little more, but comparable to PERA.

Economic impact The above rough estimates from the property tax rolls imply approximately 80,000 rental units in Providence, of which we can expect around 48,000 to be controlled as a result of the Act. Conservatively assuming an average monthly rent of $2,000, the aggregate rent collected on these units is about $1.1 billion per year. Thus, each percent of rent increase forgone is around $11 million per year retained by renters. Renters, as a class that tends toward the lower end of the income spectrum, would usually spend rather than save most of their income so it is safe to assume that much of the money saved will be spent, much of that locally, for the same reason. The increased economic activity will result in increased collections in sales and income taxes, but those are state revenue sources, unavailable to the city except indirectly, through state grants.

One form of the sales tax, the meals and beverage tax, does provide revenue that accrues to city itself, but for each percentage point of rent increase forgone, the concomitant collections from that source are a matter of a few thousand dollars per year and negligible for the purposes of this analysis.

Risks As mentioned above, with a 4% limit on future rent increases, it is possible that some property owners will appeal their 2025 assessments to Superior Court (the statutory period for appeal to the assessment authorities was passed in October 2025), and one can imagine outcomes from that court that might reduce tax assessments. This has been cited as a way in which the Act "erodes the tax base". It is a debatable proposition whether a 4% annual rental increase limit is low enough to meaningfully impact rental property values, but the energy of the attacks on the Act lead one to believe that legal appeals will be explored.

For the sake of imagining a worst-case scenario, let us suppose that such appeals are made—and speedily granted by the court—and that each property owner who appeals their assessments in FY27 over the Act will see a 5% reduction in assessed value. A 5% decline in *all* controlled rental property values would therefore result in about a 0.8% decline in the total property tax collections, a decrease of 0.33% in total revenue, or 0.5% not counting school aid.

[3] Budget numbers are from the FY26 Adopted Budget Book, available at https://www.providenceri.gov/controllers-office/financial-reports/

This is, of course, a worst-case scenario. It is highly unlikely that every single controlled property owner would appeal, and since the Act does not actually prevent future rent increases, it seems unlikely that any successful appeal would be able to cut an assessment by as much as 5%. One hesitates to guess at the future with so little to go on, but this is a relatively straightforward way to estimate an upper bound for the possible impact on the city budget. For budget purposes, one might estimate half the worst-case, at $1.5 million for FY27 and essentially zero after that.

Ongoing legal costs will be handled by the staff attorney delegated to the Board. However, if there will be challenges to the assessments of many properties, there will be legal costs. Half a year's time of a staff attorney to defend these appeals is worth approximately $50,000. This is a cost incurred during the first year, FY27, and again is likely unnecessary beyond that.

Tom Sgouros is a public finance consultant with past and present clients, both private and governmental, in multiple states, including Pennsylvania, California, Arizona, Illinois, and Vermont, as well as Rhode Island. He has been invited to testify to state legislatures on public finance issues in six states, and is currently a research faculty member at Brown University's Data Science Institute.