



March 20, 2024

The Honorable Stephen M. Casey
Chair, House Committee on Municipal Government and Housing
Rhode Island State House
Providence, RI 02903

RE: In support of **H5698**

Dear Chairman Casey and members of the Committee,

On behalf of the Housing Network of Rhode Island, our member agencies, and the thousands of low income Rhode Islanders we serve, we write in strong support of **H5698** legislation that would create a statewide standard for the tax assessment of owner occupied low and moderate income homes.

During the last four legislative sessions, the growing need for more affordable housing in this state has taken center stage with policymakers. Historically low inventory of homes for sale and for rent coupled with exploding demand for housing have driven housing costs out of reach for many Rhode Islanders, particularly our lowest income households. Decades long reductions in building permit activity, restrictive land use policies, low vacancy rates, the state's chronic underinvestment in affordable housing and inadequate worker wages have all been major contributing factors to the lack of available homes and housing unaffordability. These points all underscore the importance of the Speaker's mantra of "Production, production, production."

H5698 speaks to what happens after we produce the homes and what protections policymakers can provide to help ensure that housing that was affordable at the time it was purchased, remains as affordable as possible. At present, there is no consistent statewide standard when it comes to the tax assessment of owner occupied low and moderate income homes. In the absence of guidance around how to treat these homes, there is often confusion for both the owner and the municipality as to what constitutes "full and fair cash value" of a deed-restricted affordable home.

While deed restricted homes might look identical to their market rate counterparts, they are in fact different in that their future value is restricted to ensure that affordability is preserved for subsequent buyers. The typical revaluation process completed on behalf of a municipality cannot accurately capture this restricted value. Often this leads to the home being assessed for more than the maximum resale of the home since the revaluation firm is only basing its valuations on the physical attributes of the home, and not any legal encumbrances that might exist. If a homeowner does not catch the over valuation in time to contest it, then they are stuck paying taxes on a value they can never actually derive from the home.

H5698 proposes a reasonable standard, one that is already being utilized in a number of Rhode Island communities, as a means to accurately capture the taxable value of a deed restricted affordable home. It is worth noting that Rhode Island law already recognizes a statewide standard for the taxation of deed restricted rental properties, and **H5698** simply proposes to do something similar for low and moderate-income homeowners.

For these reasons, we urge the Committee to support **H5698**. I am happy to answer any questions and can be reached at 401-721-5680 x 104 or mlodge@housingnetworkri.org.

Respectfully submitted,

A handwritten signature in cursive script that reads "Melina Lodge".

Melina Lodge
Executive Director