

H O U S I N G



N E T W O R K

April 2, 2025

The Honorable Stephen Casey
Chair, House Committee on Municipal Government and Housing
Rhode Island State House
82 Smith Street, Providence RI 02903

Re: In Opposition of House Bills 5689, 5690, 5697, and 5957

Dear Chair Casey and Members of the Committee:

The mission of the Housing Network of Rhode Island (HNRI) is to increase the supply of safe, healthy, and affordable homes in thriving communities. We have a membership of 18 nonprofit affordable housing developers who own and operate more than 7,000 long-term rental and homeownership units for low and moderate income households. We are also the backbone organization for Homes RI, a coalition of 80+ organizations working together in support of our mission to increase affordable housing supply. On behalf of HNRI and those we serve, I **write to firmly oppose H-5689, 5690, and 5957**, which propose adverse changes to the *State's Low and Moderate Income Housing Act*, as well as H-5697, which proposes to exempt certain cities and towns from the state's 8-law, negatively impacting existing and future affordable housing development(s) in these communities.

The cost of housing – including labor and construction, rental and sale prices, utilities, insurance – has increased dramatically since 2019, and people cannot keep pace. More affordable housing has been a consistent priority of voters (as demonstrated by the overwhelming passage of the *2024 Housing Opportunity Bond* and recent polling data). Rhode Island state policymakers have responded by taking a serious look at barriers to housing development and making financial investments to stimulate housing production. These investments and policy changes spearheaded by House leadership have been critical towards achieving progress to meet the housing needs of all Rhode Islanders. House Bills 5689, 5690, 5697, and 5957, if implemented, would hinder, or outright reverse, this progress. Below, I've highlighted our major concerns with the proposed legislation.

H-5689 (Fellela) proposes several changes to the State's *Low and Moderate Income Housing* chapter that would adversely impact the development of critically needed affordable housing, adding red tape and establishing a separate application and approval process for what the legislation defines as "substantial multi-family housing projects." The definition of "substantial multi-family housing project" is specific to applications proposing to build LMI housing, and to municipalities with a population of less than 35,000 residents (which is all but eight communities in the state), making it inherently exclusionary and a

clear attempt to hamper the production of units that are needed to meet the housing needs of Rhode Islanders.

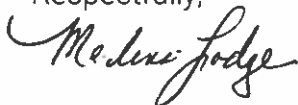
H-5690 (Quattrocchi) proposes to repeal the *Low and Moderate Income Housing Act*. While the law is imperfect, repealing it with no viable policy alternative does nothing to improve our housing landscape. In fact, it will reverse any progress we have made towards meeting the housing needs of Rhode Islanders and will stall local, statewide and regional economic growth attributable to housing development.

H-5697 (Brien) would exempt cities and towns that have met the 10% threshold for LMI housing from the state's 8-law or 8% law. The 8% law requires that certain rent-restricted residential be taxed at a rate not to exceed 8% of the property's previous year's gross scheduled rental income. This law has been litigated numerous times and each time, Rhode Island courts have upheld that this threshold represents the "full and fair cash value" for rental properties encumbered by affordability restrictions. 8-law is a critical tool for fair taxation and to help ensure the financial viability, as well as affordability, of critically needed affordable residential rental homes. Since this legislation would apply to cities and towns that have met or exceeded the 10% affordability threshold, it would disproportionately impact rental developments in these communities, three of which are "core cities" with high rates of child poverty and arguably with a need for affordable housing beyond the 10%. There is currently legislation that is being considered (H-5688) that would clarify the application of the 8% tax treatment. We believe that this is a far better approach to ensure clear, standardized and equitable tax treatment of LMI residential properties in Rhode Island that can be applied across the state, rather than carving out exemptions from the statute.

H-5957 (Santucci) would consider a city or town to have existing LMI housing (thereby exempting them from the 10% threshold) when they adopt an inclusionary zoning ordinance requiring that all housing developments include at least 50% LMI housing units. The application of this proposal is impractical and will deter residential development in communities that choose to adopt such an ordinance, if enacted. It is simply a mechanism to enable municipalities to skirt their obligation to provide LMI housing for their residents who need it.

The General Assembly has made significant strides to advance housing affordability and accessibility in Rhode Island under both House and Senate leadership. We applaud the efforts of State leaders to move in this direction, and it is our position that these four bills are in diametric opposition to our State housing goals and needs. For the reasons above, we strongly and respectfully urge the Committee to oppose these bills. As always, I can be reached at (401) 721-5680 ext. 104 or mlodge@housingnetworkri.org for any questions.

Respectfully,



Melina Lodge, Executive Director