



Community Housing Land Trust of Rhode Island

March 4, 2025

The Honorable Joseph J. Solomon Jr.
Chair, House Committee on Corporations
Rhode Island State House

RE: In support of **H5825**

Dear Chairman Solomon and members of the Committee,

On behalf of the Community Housing Land Trust of Rhode Island and the hundreds of low and moderate income Rhode Islanders we serve as a Monitoring Agent, I write in strong support of **H5825**, legislation that would limit annual increases on monthly condominium fees and special assessments in mixed income housing developments as well establishes some procedural safeguards for condominium owners.

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."

H5825 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 affordable. At present, condominium law in our state is broad and grants condominium associations the authority to operate without any significant guardrails and very limited oversight. Increases to monthly condominium fees or special assessments and changes to bylaws only require a majority vote of association members. In a mixed income housing development (inclusive of affordable and market rate units) that was developed by either a Comprehensive Permit or a local inclusionary ordinance, the owners of affordable units are in the minority. This means that they are often powerless to successfully influence or block proposals that increase monthly condominium fees and assignments of special assessments.

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.

Increases to monthly condominium fees and special assessments impact affordable condo owners differently than market rate owners in two ways:

- 1) It impacts the affordability of that unit for the owner as the proposed increases may be more than what the owner can afford, and
- 2) It affects the value of the condominium and lowers the maximum resale price that the owner could sell the unit for.

The combination of these two hardships created by limitless increases effectively leaves the owner of the deed-restricted condominium stuck – they can't afford to stay, but also can't afford to sell. Numerous other states, including our neighboring state of Massachusetts, impose some sort of limitation on condominium fee increases to protect vulnerable homeowners.

As drafted, **H5825** not only provides important protections and safeguards for low and moderate income owners but all owners of condominium units. Due to their compact design and structural elements, condominiums are developed in greater density and often translates to a more naturally occurring type of affordable housing, so is often a less expensive option for households looking for a homeownership opportunity. While the initial purchase price may be lower, rising monthly costs and annual assessments can leave any owner with a property on their hands that is anything but affordable.

Nationwide, 66% of homes built in 2022 were part of an HOA community (up from 17% in 2021), approximately 38% of HOAs (nationally) are condominium developments. If we wish to address our state's persistent and urgent affordable housing crisis, we will need to contemplate development at greater densities – meaning smaller, more compact units – so Rhode Island should expect to see more condominium developments coming online. The issue that **H5825** seeks to address would allow the legislature to proactively address this issue, before the it is exacerbated.

I thank you for the opportunity to offer some context to problem that **H5825** seeks to address. 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 black ink, reading "Melina Lodge". The signature is written in a cursive, flowing style.

Melina Lodge
Executive Director