

Our organization **is in OPPOSITION** of House Bill 5825 which seeks to amend the Rhode Island Condominium Act (34-36.1) to cap how much a deed restricted unit will pay in condominium fees compared to the previous year's budget.

The Rhode Island Condominium Act already allows the developer to discriminate in favor of affordable units when determining percentage ownership allocation (See R.I. Gen Laws 34-36.1-2.07(a)). This means that, at the onset, when creating a development (or adding phases) a smaller percentage interest may be given to affordable units, thus resulting in the affordable units having to pay a smaller condominium fee. This information is recorded as part of the Declaration and all unit owners are on notice of their responsibility for assessments. This accommodation for affordable units already exists.

House Bill 5825 will serve to establish an arbitrary cap on assessments for deed restricted units, which assessments are needed to manage and operate the condominium. This directly goes against the core of how a condominium operates. Specifically, once the percentage allocations are established for each unit at the time the Association is developed, *the associated common expense liabilities which are shared by all unit owners must be assessed according to those allocations* (34-36.1-3.15(a)). Further, the Rhode Island Condominium Act provides that percentage ownership cannot change without *unanimous unit owner approval* (34-36.1-2.17(d)). Any artificial deviation from that will upset the assessment structure and will ultimately reach an inequitable result. By changing the ways fees are assessed *after* owners buy their units (which is directly against statute), HB 5825 would force non-restricted unit owners to make up the difference in fees that the affordable units are not paying for the same services in the same project- thus paying a higher percentage than they relied upon paying when they purchased their unit. Assistance to low-income buyers is important, but it is already given when purchasing the unit. In essence, it is the declarant that absorbs the price differential- one time.

If this cap is put into place, it may result in the non-restricted unit owners (some who may have just barely qualified for their mortgage and are on fixed incomes) to be unable to afford their homes. There will be uncertainty as to what condominium fees will be for non-restricted owners and this will surely lead to a depression in condominium unit sales. There must be a better way to address these important issues that will not simply shift the burden of payment of operations expenses to unsuspecting next-door neighbors.

Accordingly, we respectfully request you to OPPOSE HB 5825 and hold it for further study. We are happy to provide any further information to the Committee regarding this bill and would be happy to take part in any discussion to find a better solution to address the condominium fees for affordable units. Thank you for your time and consideration.

Very Truly Yours

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