April 13, 2021

The Honorable Marvin L. Abney
Chairman Committee on House Finance

RE: Article 16, Section 6—Relating to Housing

Dear Chairman Abney and Committee Members:

On behalf of the more than 2,000 members of the Greater Providence Board of REALTORS® (GPBOR), I thank you for the opportunity to submit this letter of testimony on *Article 16 of the Fiscal Year 2022 budget proposal—Relating to Housing.*

Our members believe that everyone deserves a home. However, we are concerned with proposals that would increase the costs of owning a home in Rhode Island. December 2020 home sales in Providence County accounted for 37% of RI home sales – a significant portion[1]. While the National Association of REALTORS® reports that the RI real estate industry accounted for nearly $12 billion of the gross state product in 2019[2], they also report that RI continues to rank in the top 5 least affordable states[3] and we know that our unemployment rate continues to remain poor when compared to the national average. We realize that the lack of affordable housing is an important matter and that your committee, the RI Legislature and Governor McKee must make difficult decisions in the coming months to address deficits that have been compounded by COVID-19.

Section 6 of Article 16 asks the House to double the State's real estate conveyance tax imposed on residential homeowners that sell for more than $700,000, while allocating the new revenue to fund affordable housing. While we agree that creating affordable housing revenue and increasing access to affordable housing is important, we believe additional time is needed to develop a well-searched policy that will generate what we need, keep us competitive compared to neighboring states and ensure a clear, consistent, and fair formula for taxing real estate is developed. For these reasons, GPBOR respectfully recommends a state-by-state analysis of transfer taxes be conducted to determine a schedule that will provide a sustainable revenue stream that works for all Rhode Islanders.

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[1] https://www.rhodeislandliving.com/RealtorResources/SalesStats/Documents/Jan20-Single-bytown.pdf

[2] https://www.nar.realtor/sites/default/files/documents/2019-state-economic-impact-of-real-estate-activity-ri-04-14-2020.pdf

[3] https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score

We appreciate that the Governor, Speaker, you and RI's Legislative Leaders have made affordable housing a priority in 2021. However, homeowners and residents deserve a reliable solution to our affordable housing problem and that all of the existing revenue from the current real estate transfer tax fund housing. On these 2 points, GPBOR asks you to support H5456 and dedicate current transfer tax revenue for housing programs prior to considering a new tax on homeowners and we request the House leadership review recommendations from the study commissions established in H5950 and H5953 prior to enacting any one-off tax increases.

The Greater Providence Board of REALTORS® respectfully asks that you take no action on Article 16, Section 6—Relating to Housing.

Sincerely,

Suzanne M. Silva, CAE, RCE
Chief Executive Officer