



**RHODE ISLAND COALITION
OF HOUSING PROVIDERS**

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March 25, 2024

To Honorable Representative Robert E. Craven, Sr.
Chair, House Judiciary Committee
Rhode Island State House
Providence, RI 02903
VIA Email: HouseJudiciary@rilegislature.gov

RE: Letter in OPPOSITION to House Bill No. H7746

Dear Judiciary Committee,

The proposed amendment to require landlords with six or more dwelling units to hold tenants' security deposits in interest-bearing federally insured deposit accounts would significantly increase the administrative burden on landlords. Under the proposed amendment, landlords would be required to open and manage interest-bearing accounts for each and every tenant, ensuring compliance with federal regulations regarding deposit insurance and prevailing interest rates.

The increased administrative burden would result in several cost implications for landlords, which would likely be passed on to tenants through higher rents. Landlords would incur additional expenses related to opening and maintaining multiple interest-bearing accounts, tracking and calculating interest accrued for each tenant, and ensuring compliance with federal deposit insurance requirements. These costs would be particularly burdensome for small-scale landlords, who may not have the resources or expertise to manage these requirements efficiently.

Furthermore, the requirement to pay any remaining interest accrued to the tenant within twenty days of the end of the tenancy could create logistical challenges for landlords. Calculating and disbursing accrued interest within such a short timeframe would require landlords to dedicate additional time and resources to ensure timely payment. This could result in delays and disputes between landlords and tenants, further increasing administrative costs and potentially leading to higher rents to offset these expenses.

While the intent of the proposed amendment is to benefit tenants by ensuring that they receive the interest accrued on their security deposits, the administrative burden and associated costs imposed on landlords would likely outweigh any potential benefits to tenants. The increased costs incurred by landlords would likely be passed on to tenants through higher rents, negating the intended benefit of the amendment.

In summary, the proposed amendment to require landlords to hold tenants' security deposits in interest-bearing federally insured deposit accounts would increase the administrative burden on landlords, leading to higher costs for landlords and potentially higher rents for tenants. The benefits to tenants from receiving accrued interest on their security deposits would likely be outweighed by the negative impact on housing affordability caused by the increased administrative burden and costs imposed on landlords.

Please oppose H7746.

Thank you,

Rhode Island Coalition of Housing Providers