



STATE OF RHODE ISLAND
Rhode Island Department of Housing
315 Iron Horse Way Ste. 101
Providence, RI 02903

March 27, 2024

The Honorable Robert E. Craven, Chair
House Judiciary Committee
Rhode Island State House
Providence, Rhode Island 02903

RE: H 7746, An Act Relating to Property – Residential Landlord and Tenant Act

Dear Chairman Craven:

The Department of Housing writes in support of H 7746, requiring that security deposits are returned to renters with interest. This bill was introduced at the request of the Department of Housing.

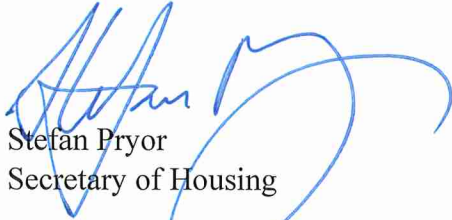
H 7746 seeks to help Rhode Island renters accumulate some funds, even if a modest amount. A security deposit is money that belongs to the tenant but is held by the landlord to cover the cost of potential tenant-caused damages to the property and sometimes past-due rent. Therefore, many renters argue that any interest accrued on security deposits during their tenancy is rightfully theirs and not the landlord's. For this reason, in some other states security deposits are kept in interest-bearing accounts, and the security deposit then is repaid with interest. **Security deposit interest is paid to the tenant by law in at least fifteen states, including our neighbors in Massachusetts, Connecticut, and New Hampshire.** The details vary in each state, but it is an established policy solution to return fair compensation to renters who properly maintain their apartments. This requirement in other states has not been shown to place cumbersome administrative burden on property owners.

The required interest payments under this bill will be not less than the prevailing market rate of interest for regular savings accounts, a standard established by RIGL§ 19-9-2 and updated annually by the Department of Business Regulation.

We would also like to call your attention to a key feature of this bill: **This bill does not apply to the smallest landlords in the State**, as the bill would only apply to buildings with 6 or more units.

Renters in Rhode Island, as is the case nationally, are increasingly cost-burdened, making it harder to save for a downpayment that can be used to achieve the dream of homeownership. Returning interest deposits with interest is one small boost as renters transition to their next step.

Sincerely,



Stefan Pryor
Secretary of Housing

CC: The Honorable Members of the House Judiciary Committee
The Honorable Representative Cherie Cruz
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy