



March 18, 2024

The Honorable Stephen M. Casey
Chair
House Municipal Government and Housing Committee

***RE: H 7891 – “An Act Relating to Property – Rent Control in the City of Providence”
H 7989 – “An Act Relating to Towns and Cities – General Powers – Tenant Protection Act***

Dear Chair Casey and Committee Members:

On behalf of the more than 6,000 members of the Rhode Island Association of REALTORS® (RIAR), we thank you for the opportunity to raise concerns regarding H 7891 & 7989, which seeks to impose rent control measures in the State of Rhode Island.

REALTORS® appreciate the leadership in the House of Representatives and your commitment to improving homeownership opportunities and access to affordable housing. As you are aware, the foundation of our economy is housing. According to the National Association of REALTORS®, the Rhode Island real estate industry accounted for more than \$12 billion or 17 percent of the gross state product in 2023.¹

However, RIAR remains concerned that thousands of low-income renters don't have access to an affordable home. According to 2023 HousingWorksRI's Fact Book, there are only five communities complying with the state's Low- and Moderate-Income Housing Act that mandates ten percent of housing stock in every municipality as affordable.² RIAR is worried that most cities and towns are not producing their fair share of units to address affordable housing in their respective communities. H 7891 & H 7989 would intensify the housing shortage in Rhode Island, as property owners would reduce the supply of new and current rental housing and would motivate owners to charge the maximum allowable rent increases each year.

Moreover, H 7891 would only permit one municipality-the City of Providence- to impose rent control measures in the State of Rhode Island. By allowing enabling legislation for select municipalities, the bill would disrupt Rhode Island's real estate market and limit investments in low- and moderate-income housing in one segment of the State. Thankfully the Mayor of Providence recognizes our concerns about rent control and the unintended consequences that could disrupt Rhode Island's rental market.

¹ [The Economic Impact of Typical Home Sale- Rhode Island](#)

² [2023 Housing Fact Book- HousingWorksRI at RWU](#)

RIAR raises the following concerns relative to H 7891 & 7989:

Taking Units Off the Market

Our members believe that approving outdated and overly burdensome policies, such as H 7891 & H 7989 will create significant barriers to affordability and will only add pain to Rhode Island's housing crisis. While Rhode Island has enacted rent controls measures in decades, RIAR is deeply concerned that consideration of rent control policy would ultimately lead to the removal of units from the local real estate market.³ Once removed from the market, apartments would be sold as condominiums or demolished to make room for new single-unit homes. ***At a time when affordable units are sorely needed, can Rhode Island afford to add more households to the one-third that are already cost-burdened?*** By imposing rent limit control, the House of Representatives would exacerbate the core issue of why housing is expensive in Rhode Island: lack of supply. Measures such as H 7891 & 7989 would only harm the local economy and renters who would ultimately be displaced.

Regulatory Problem

If Rhode Island is serious about addressing our housing supply shortage, the multitude of rules and regulations relative to housing development needs to be reduced. Sadly, our state has made the home building trade unattractive to constructing single-unit and multi-unit homes, while ignoring density using smart growth techniques. In 2018, research found that on average regulations comprised of 32 percent total development costs.⁴ And once again, Rhode Island finds itself at the very bottom of a national list.⁵ This time, Rhode Island ranks ***last*** in the nation for new housing construction permits per capita. If H 7891 & H 7989 are approved, developers will construct other product types or build elsewhere. This was proven in St. Paul, Minnesota two years ago. Only three months after passage of a rent stabilization measure, building permits plummeted by 80 percent.⁶ ***Can Rhode Island continue to ignore the reputation it has built of opposing development to the detriment of residents who are housing cost burdened?***

High Taxes

It is no secret that Rhode Island has some of the highest property taxes in the United States. In fact, WalletHub ranks Rhode Island fifth nationally for property tax burdened residents.⁷ Moreover, Rhode Island currently ranks 39th nationally regarding property taxes by state.⁸

³<https://www.providencejournal.com/restricted/?return=https%3A%2F%2Fwww.providencejournal.com%2Fstory%2Fnews%2Fpolitics%2F2024%2F01%2F22%2Fpush-for-rent-control-gains-momentum-in-providence-and-rest-of-rhode-island-2024%2F71804148007%2F>

⁴ National Association of Home Builders and National Multifamily Housing Council, "Regulation: Over 30 Percent of the Cost of a Multifamily Development" (2018).

⁵ <https://boutiquehomeplans.com/blogs/house-building-blog/the-state-of-new-residential-construction-in-america> (State-by-state analysis using US Census Bureau data)

⁶ <https://www.minnpost.com/cityscape/2022/03/in-first-months-since-passage-of-st-pauls-rent-control-ordinance-housing-construction-is-way-down/>

⁷ <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494>

⁸ <https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585>

Before the House of Representative considers failed policies to address Rhode Island's housing crisis, please think about the impact of high property taxes that vulnerable residents are already paying (directly or indirectly). Moreover, consider how changes in property taxes can burden property owners in rent-controlled units. ***Does the sponsor of these bills believe that housing providers who own one or two dwellings should absorb higher property taxes, while creating an unsustainable system of housing?***

Unintended Consequences

Studies have proven that rent control hasn't addressed the affordable housing crisis the United States is facing. It is not a surprise that units in major cities are not being built because of government overregulation of the real estate market. Another unintended consequence that rent control fails to consider is maintenance and the quality of housing all tenants should enjoy. H 7891 & H 7989 would reinforce negative housing conditions which are counter to the expressed intent of rent control policies. If the General Assembly approves H 7891 & 7989, RIAR fears that property owners will be discouraged from maintaining and reinvesting in their properties over time. Owners will be forced into a dilemma where they ultimately may forgo repairs and maintenance and large capital improvements. ***Is it fair to tenants that their quality of life is jeopardized because the House of Representatives is considering failed and outdated policies such as rent control?***

If lawmakers thought government regulation would have solved Rhode Island's affordable housing crisis, policies such as rent control would have been approved decades ago when this public policy was popular. Unfortunately, cities like New York and San Francisco have found that rent control policies have accomplished nothing in addressing housing. In fact, these outdated policies and laws have played a major role in decreasing affordability while increasing gentrification. The Rhode Island Association of REALTORS® believes that economics should be the solution to solving our state's housing needs: create supply by developing more housing for all.

RIAR respectfully urges this committee to take no action on H 7891 & 7989.

Sincerely,

A handwritten signature in blue ink, appearing to read "Philip B Tedesco", is written over a light blue rectangular background.

Philip B Tedesco, RCE, CAE, CIPS
Chief Executive Officer
RI Association of REALTORS®
