



May 5, 2026

The Honorable Louis DiPalma, Chair
Senate Finance Committee
82 Smith Street
Providence, Rhode Island 02903

RE: S2442- FIRST-TIME HOME BUYERS SAVINGS PROGRAM ACT

Dear Chairperson and Committee Members:

On behalf of the Rhode Island Association of REALTORS® (RIAR), we respectfully submit this testimony in support of S2442. RIAR represents more than 5,900 licensed real estate professionals who work every day in the listing, sale, leasing, management, and appraisal of residential and commercial real estate and who are committed to fair housing practices, consumer protection, and stable housing markets, to make Rhode Island a better place to call home.

S2442 would establish a First-Time Home Buyer Savings Program that allows individuals to set aside funds dedicated to purchasing their first home. The legislation creates a state-administered savings fund and provides tax advantages by allowing participants to deduct up to \$50,000 in contributions and up to \$150,000 in interest and dividend earnings from their Rhode Island adjusted gross income, provided the funds are used for a qualified first home purchase.

Expands Access to Homeownership Opportunities

S2442 directly addresses a significant barrier facing first-time buyers: the ability to save for upfront costs.

- Enables prospective buyers to build dedicated savings for down payments and closing costs.
- Reduces the time needed to enter the housing market.
- Supports renters seeking to transition into homeownership.

By lowering financial hurdles, this program helps more Rhode Islanders achieve long-term housing stability.

Provides Meaningful Tax Relief to Encourage Saving

The bill creates strong incentives for disciplined savings through targeted tax benefits.

- Allows participants to deduct substantial contributions from state taxable income.
- Excludes qualifying investment earnings, increasing overall purchasing power.
- Aligns with successful savings-based programs used in other states.

These incentives reward proactive financial planning while making homeownership more attainable.

Strengthens the Housing Market and Local Economy

First-time buyers play a critical role in maintaining a healthy and active housing market.

- Drives entry-level demand that supports the full housing pipeline

- Stimulates related economic activity including lending, construction, and professional services
- Encourages long-term community investment through homeownership.

A stronger base of first-time buyers helps sustain market stability across all price points.

Bridges Financing Gaps in High-Cost Rehabilitation Projects

A stable and predictable policy framework is essential for advancing large-scale redevelopment projects.

- Extends the program sunset to 2031, enabling long-term planning and financing.
- Encourages a consistent pipeline of rehabilitation and housing production projects.
- Reinforces Rhode Island's commitment to sustained economic and community development.

Long-term program stability is key to unlocking sustained private investment and consistent housing production.

Promotes Financial Preparedness and Responsible Buying

Dedicated savings accounts encourage thoughtful and intentional homeownership decisions.

- Fosters financial discipline and goal-oriented saving.
- Positions buyers to enter the market with stronger financial footing.
- Reduces reliance on high-risk or unsustainable financing options.

Well-prepared buyers are more likely to succeed as homeowners and contribute to stable communities.

Builds on Proven Policy Models

Similar first-time home buyer savings programs have been successfully implemented in other states.

- Reflects a tested approach to improving affordability without distorting the market.
- Complements existing housing initiatives rather than replacing them.
- Provides a flexible framework that can evolve with market conditions.

Adopting a proven model allows Rhode Island to move forward with confidence.

Conclusion

S2442 offers a practical, targeted, and forward-looking solution to one of the most persistent challenges in housing affordability. By empowering Rhode Islanders to save for their first home, this legislation supports individual opportunity while strengthening the broader housing market.

For these reasons, the Rhode Island Association of REALTORS® respectfully urges the Committee to support S2442.

Respectfully submitted,



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Rhode Island Association of REALTORS®