



March 4, 2025

The Honorable Stephen Casey  
Chair, House Committee on Municipal Government & Housing  
Rhode Island State House  
Providence, RI 02903

**Re: Opposition to H5236**

Dear Chairman Casey:

The Housing Network of Rhode Island respectfully opposes H5236, *Act Relating to Taxation – Levy and Assessment of Local Taxes*. This bill would significantly increase the tax rate on any property that is financed under the HUD 202 or 811 program or project-based Section 8 housing and that is utilizing an operating cost basis for federal reimbursement.

Current law requires that certain rent-restricted residential properties be taxed at a rate not to exceed 8% of the property’s previous year’s gross scheduled rental income. This statute is critically important to affordable housing developments whose value is restricted by the limits placed on the rents they can charge tenants.

House bill 5236 would increase the tax rate to 12% of the previous year’s gross scheduled rent (a 50% tax increase) for properties that are part of the federal Section 202, Section 811 or project-based Section 8 program and which are “utilizing an operating cost basis for reimbursement”. These programs serve some of the most vulnerable populations: seniors, disabled individuals and extremely low-income households. Increasing the operating expenses of dozens of housing developments that have no or very limited means to recapture any of the increased costs from rents would have devastating effects on the financial viability of these critical resources and jeopardize thousands of households’ housing stability.

Rent adjustments for these kinds of developments are almost always established through HUD’s publication of annual statewide operating cost adjustment factors (OCAFs). Under some programs developments can instead request a budget-based rent increase to address increased operating costs, but it is extremely difficult to get HUD approval for such a request, particularly under the current Federal Administration.

For these reasons, I respectfully **oppose H5236**. Thank you for your consideration, and I am always happy to answer questions. Please feel free to contact me at (401) 721-5680 ext. 104 or [mlodge@housingnetworkri.org](mailto:mlodge@housingnetworkri.org).

Respectfully,



Melina Lodge, Executive Director  
Housing Network of Rhode Island