March 4, 2025

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

Re: Support of H5688

Dear Chairman Casey and Members of the House Municipal Government and Housing Committee:

On behalf of the Housing Network of Rhode Island, our member agencies, and the thousands of low-income Rhode Island renter households we serve, I write to offer our support of **H5688**, legislation that seeks to provide clarification as to when the 8% law is applied and outlines a process by which a developer may apply for it**.**

H5688 amends the current law to clarify that only residential rental units under specific conditions are eligible for the 8% tax treatment. It also clarifies the procedure for applying the 8% standard in mixed income or mixed use scenarios. These clarifications are helpful in ensuring that there is consistent treatment across municipalities, improving predictability for affordable housing developers and minimizing the need to litigate misinterpretations.

In light of our state's ongoing housing crisis, it is imperative that we take whatever actions necessary to reduce barriers to development and **H5688** is an opportunity to take action quickly. Over the last several decades,"8% Law" has been litigated numerous times and each time RI courts have upheld that it represented "full and fair cash value" taxation for rental properties encumbered by affordability restrictions. We do not need to re-litigate this finding but rather make explicitly clear when this tax treatment is applicable and when it is not. **H5688** provides a pathway to do so.

For all these reasons, we support **H5688** and urge you to move the bill out of Committee. I am available to answer any questions you might have and can be reached at 401-721-5680 ext. 104 or mlodge@housingnetworkri.org.

Respectfully submitted,

Melina Lodge
Executive Director