

H O U S I N G



N E T W O R K

April 3, 2025

The Honorable Jacob Bissaillon  
Chair, Senate Committee on Housing and Municipal Government  
Rhode Island State House, Providence RI 02903

**RE: In support of S-202, *An Act Relating to Property – Community Opportunity to Purchase Act***

Dear Chair Bissaillon and Members of the Committee,

The mission of the Housing Network of Rhode Island (HNRI) is to increase the supply of safe, healthy, and affordable homes in thriving communities. We have a membership of 18 nonprofit affordable housing developers who own and operate more than 7,000 long-term rental and homeownership units for low- and moderate-income households. Our members are responsible for nearly 70% of the production and preservation of affordable homes made possible by funding from 2006, 2012, 2016 and 2021 affordable housing bonds. We are also the backbone organization for Homes RI, a coalition of 80+ organizations working together in support of our mission to increase affordable housing supply.

On behalf of the Housing Network of Rhode Island (HNRI), our member agencies, and the low-income Rhode Islanders we seek to serve, **I write in strong support of S-202**, legislation that grants qualified nonprofits a right-of-first offer on certain multifamily properties at market prices, within a reasonable period of time to promote the creation and preservation of affordable rental homes. We appreciate the bill's lead sponsor Senator Kallman and cosponsors DiMario, Lauria, Mack, Quezada, Vargas, Gallo and Acosta for their introduction of this important piece of legislation. What this bill does, simply, is establish a process that enhances the ability of the nonprofit housing community to better capitalize on existing multi-family residential real estate opportunities as another tool to help address our state's housing crisis.

Across the country and in Rhode Island, the purchasing of properties by for-profit institutional investors is a growing concern. These entities differ from mission-driven nonprofits and Public Housing Authorities that are committed to providing affordable homes to low- and moderate-income residents and preventing displacement. The basis for this bill is to help provide another mechanism to ensure that existing properties, which may be inhabited by tenants, are preserved as affordable homes, whether protected as "naturally occurring," (i.e. not deed-restricted) or converted to permanently affordable rental homes.

I would like to highlight some key components of this bill that I believe are useful for members of the Committee to know, as well as several changes that were incorporated by the sponsor in response to feedback received after its inaugural introduction in 2023:

1. First, a right-of-first refusal is not a novel concept, and neither is it in its application to real estate transactions. Nationally, there are at least six examples—Montgomery County, MD; Prince George’s County, MD; San Francisco, CA; Portland, OR; Washington, DC; and Boston, MA – of a right-of-first refusal being used to in some form to preserve and protect rental housing stock. Even right here in Rhode Island, we use a right-of-first-refusal model for mobile home park residents and with deed restricted affordable housing developments.
2. This bill is narrowly targeted towards older multi-family residential buildings, specifically, buildings that were constructed more than 20 years prior to the sale, and only on residential buildings where there are five or more (5+) rental units. Further, we have made a recommendation to the sponsor to even further narrow the subset of properties targeted in this proposal to buildings with ten (10) or more rental units. This is a fraction of all multi-family sales.
3. There are specific provisions around the criteria for a qualified nonprofit to ensure that entities which would be eligible for the right-of-first refusal are experienced in operating and maintaining affordable rental housing, have a connection to the community, and have the appropriate financial capacity to acquire and manage such an asset. Types of qualified nonprofits include Community Development Corporations and Public Housing Authorities. Rhode Island-based entities are prioritized.
4. The legislation is clear that the nonprofit only has a right-of-first offer (in other words, they are not granted multiple periods to accept or decline to purchase. The right-of-first offer window is 60 days. If the nonprofit elects to extend the period to 90 days, they must pay the seller a fee equal to one-half of one percent of the asking price. For example, on a \$2 million asking price, the fee would be \$10,000. This fee is not refundable if the nonprofit ends up declining to purchase, so the seller would retain this fee as a concession for holding the property for the extended time.
5. This bill does not require any “discount” or reduction of market price for a nonprofit. They would pay the market price for the building, assuming that they were able to pull together the resources to purchase it, which is the intention of the 60-day window.
6. The bill exempts transfers from trusts, including living trusts, and transfers between or among family members, from sales, preserving the ability for an owner to sell or transfer the building to a relative if they wish.

This bill also grants a right-of-first refusal to the Department of Housing and municipalities a second-right-of-refusal on state-owned properties, which we think just makes sense given that these are the state’s own assets that can potentially be converted to affordable living opportunities for Rhode Islanders.

In summary – this legislation is designed to create and preserve critically needed affordable rental housing in our state. Last month, the National Low Income Housing Coalition released its annual *Gap Report* indicating a shortage of more than 24,000 rental homes affordable to our most vulnerable residents, showing that once again we must continue to move the needle to advance housing opportunities in this state.

This legislation is a very reasonable policy that enhances the ability of organizations who are leading the charge to address our state’s affordable housing needs to continue to contribute to that effort and protect important existing rental housing stock.

Thank you for the opportunity to testify on this bill and for the Committee’s consideration of **S-202**. I am available to answer any questions you might have and can be reached at 401-721-5680 ext. 104 or [mlodge@housingnetworkri.org](mailto:mlodge@housingnetworkri.org).

Respectfully submitted,

A handwritten signature in black ink that reads "Melina Lodge". The signature is written in a cursive, flowing style.

Melina Lodge, MCP  
Executive Director