



March 17, 2022

The Honorable Robert E. Craven, Sr.
Chair
House Committee on Judiciary

RE: H 7683 — “An Act Relating to Property—Residential Landlord and Tenant Act—Security Deposits”

Dear Chair Craven and Committee Members:

On behalf of the more than 6,000 members of the Rhode Island Association of REALTORS® (RIAR), thank you for accepting testimony and affording our organization with the opportunity to comment on H 7683. Throughout the last several years, RIAR has worked closely with legislative leaders and housing stakeholders to improve access to safe and sustainable housing in our state.

However, RIAR is concerned that some of the proposed landlord and tenant bills that are being considered by the General Assembly will have adverse effects on Rhode Island’s housing market, specifically rising housing costs, which work against the goal of creating affordable housing. For instance, H 7683 would allow residential tenants to pay a security deposit in twelve equal installment payments at the time monthly rent is due.

While providing tenants with an option to pay their security deposit in installments sounds reasonable, RIAR is concerned about the downside of considering this amendment to the Rhode Island Landlord Tenant Act. First, by allowing rental installment payments, H 7683 would inadvertently inflate the monthly rent during the first twelve months of tenancy. Like a lending institution, property owners and managers review the credit worthiness of prospective tenants and their ability to make on time payments. ***Should the General Assembly be a government body that risks housing opportunities for vulnerable Rhode Islanders as result of rent inflation?***

Furthermore, security deposits are used to ensure a property owner can offset, at least in part, any loss that the tenant is responsible for, such as unpaid rent or property damage. When an insurance company settles a claim or suit, petitioners expect to receive their payment in a lump sum to cover any loss incurred because of the claim. It is only fair that a property owner not be on be hook for unanticipated expenses that would otherwise be repaired in a timely manner with a security deposit.

Finally, the General Assembly often deliberates legislation that considers best practices and models bills after what other state’s have adopted. In the case of security deposits, there is only one state in the United States that allows tenants to pay a security deposit in installments. — the State of Washington.¹ For Rhode Island to remain competitive and make our state an attractive place to buy an affordable first home, RIAR believes that legislators should consider legislation that does not hinder homeownership. Many first-time homebuyers rely on renting the second and third units of a multi-dwelling home to cover mortgage expenses. By approving H 7683, the House of Representatives will put homeownership out of reach for more Rhode Islanders due to increased housing costs.

RIAR urges this committee to take no action on H 7683 and to work with the Rhode Island Association of REALTORS® on ways to create more affordable housing without inadvertently creating higher rents and housing costs for Rhode Islanders.

Sincerely,



David A. Salvatore
Government Affairs Director

¹ <https://www.lawyers.com/legal-info/real-estate/landlord-tenant-law/state-by-state-security-deposit-laws-and-limits.html>