

RHODE ISLAND KIDS COUNT

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Testimony Re: House Bill 5687 Relating to Taxation – Real Estate Transfer Tax

House Finance Committee

April 13, 2021

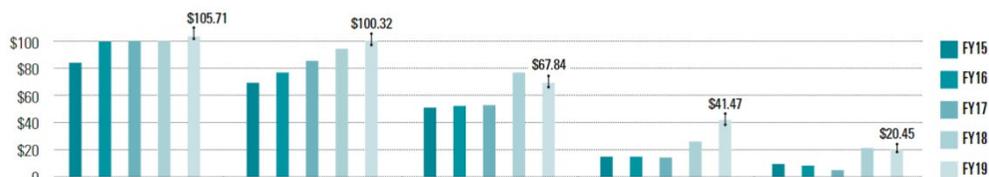
Stephanie Geller, Deputy Director

Mr. Chairman and members of the Committee, thank you for the opportunity to provide this testimony. **Rhode Island KIDS COUNT strongly supports House Bill 5687** which recommends the establishment of a permanent funding stream for affordable housing through an increase in the real estate conveyance tax on property valued over \$500,000. This proposal would establish a dedicated funding stream to increase the supply of safe, and healthy, and affordable homes for families, seniors, and people with disabilities. Funds would be used to support both construction and rental subsidies, both of which are critical to addressing supply and affordability.

Rhode Island has an urgent housing shortage. The supply of housing is not keeping up with demand, and the cost of housing is outpacing wages. Even with the bond passage, Rhode Island significantly underinvests in housing production compared to our neighboring states. At \$20.45 per capita spending on housing, Rhode Island invests less than half what Maine spends and about one-fifth as much as Connecticut and Massachusetts.

Per Capita Spending on Housing in New England, FY2015-FY2019⁵⁴

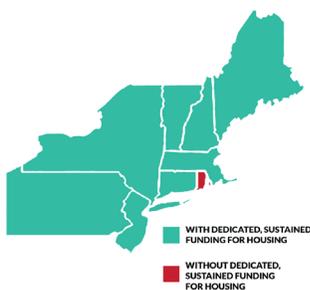
As of the end of 2019, Rhode Island had committed all of the third round of BHRI bond funding approved by voters in 2016. This funding provided a temporary boost to the state's investment in affordable homes for the last two years. However, at \$20.45 per capita for FY19, it is still less than half of the next highest state, and the lowest of the five states with investments.



2020 Housing Fact Book | HousingWorks RI @ RWU |

In fact, we are the only state in the Northeast (including New York, New Jersey, and Pennsylvania as well as all the New England states) that does not have a dedicated revenue source for this purpose.

**THE ONLY STATE IN NEW ENGLAND
WITHOUT DEDICATED, SUSTAINED FUNDING FOR
AFFORDABLE HOUSING**

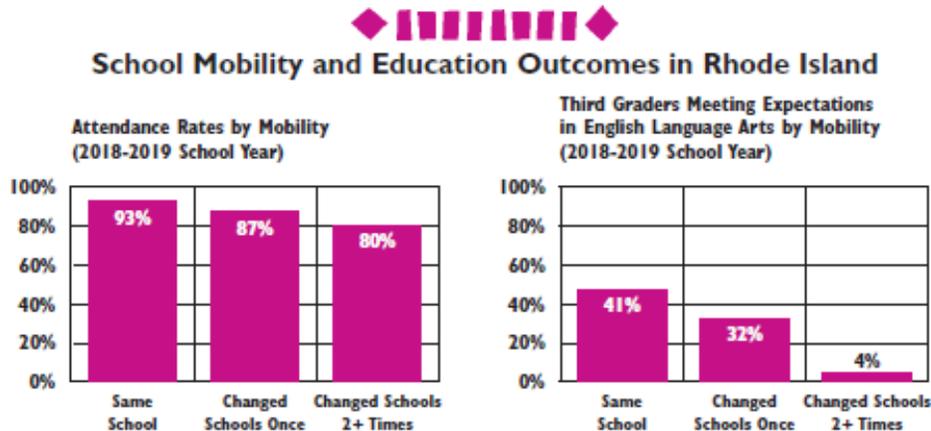


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RI NEEDS SUSTAINED FUNDING FOR AFFORDABLE HOMES!

Permanent, stable funding will help us narrow this investment gap and build the homes our state needs to support families and our economy.

Poor quality, unaffordable, and crowded housing has a negative effect on children's physical health, development, and emotional well-being and on a family's ability to meet their children's basic needs. Children who live in families with housing cost burdens often live in low-quality and overcrowded housing and move frequently, all of which have been linked to increased absenteeism, lower educational achievement, and increased risk of homelessness.



Source: Rhode Island Department of Education, 2018-2019 school year.

We urge you to support this bill and create a **dedicated funding stream for affordable housing in Rhode Island**. These funds are needed to ensure that we have safe, healthy, affordable homes for our most vulnerable residents, including low-income children and families, seniors, people with disabilities, and working people. The need for safe and affordable housing has become more apparent during the COVID-19 pandemic, and it is urgent that we address these needs now and plan for the ongoing investments in housing that will be needed in the future.

Thank you for the opportunity to provide this testimony.