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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO PROPERTY -- CAPACITY TO HOLD REAL ESTATE

Introduced By: Senators Kallman, Britto, Mack, Bell, and Gu

Date Introduced: February 26, 2025

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 34-2 of the General Laws entitled "Capacity to Hold Real Estate" is
2 hereby amended by adding thereto the following section:

3 **34-2-2. Ownership of single-family dwelling, and certain multi-family dwellings by**
4 **entities that are not individuals.**

5 (a) As used in this section, the following terms shall have the following meanings:

6 (1) "Multi-family dwelling" means a residential property containing two (2) to four (4)
7 dwelling units.

8 (2) "Single-family dwelling" means a residential property containing no more than a single
9 dwelling unit.

10 (b) If a legal entity that is not an individual possesses, controls, or otherwise claims legal
11 title to assets in real property whose aggregate value exceeds twenty-five million dollars
12 (\$25,000,000), then such an entity shall be prohibited from owning single-family dwellings, or
13 multi-family dwellings. For the purposes of this section, legal entities owned by the same
14 individual, or group of individuals shall be considered a single entity for the purposes of calculating
15 the aggregate value of real property.

16 (c) Legal entities that possess, control, or otherwise claim legal title to assets in real
17 property whose aggregate value exceeds twenty-five million dollars (\$25,000,000) prior to the
18 effective date of this section, shall divest from assets consisting of single-family dwellings, and/or
19 multi-family dwellings over a period of ten (10) years, until the total aggregate value held by such

1 an entity is less than or equal to twenty-five million dollars (\$25,000,000).

2 (d) Applicable entities affected by this section shall divest from single-family dwellings,
3 and/or multi-family dwellings according to the following schedule:

4 (1) In the first full taxable year beginning after the effective date of this section, entities
5 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
6 dwellings shall divest from their holdings in these dwellings by ten percent (10%) of the aggregate
7 total over twenty-five million dollars (\$25,000,000) as of the effective date of this section.

8 (2) In the second full taxable year beginning after the effective date of this section, entities
9 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
10 dwellings shall divest from their holdings in these dwellings by twenty percent (20%) of the
11 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
12 section.

13 (3) In the third full taxable year beginning after the effective date of this section, entities
14 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
15 dwellings shall divest from their holdings in these dwellings by thirty percent (30%) of the
16 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
17 section.

18 (4) In the fourth full taxable year beginning after the effective date of this section, entities
19 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
20 dwellings shall divest from their holdings in these dwellings by forty percent (40%) of the aggregate
21 total over twenty-five million dollars (\$25,000,000) as of the effective date of this section.

22 (5) In the fifth full taxable year beginning after the effective date of this section, entities
23 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
24 dwellings shall divest from their holdings in these dwellings by fifty percent (50%) of the aggregate
25 total over twenty-five million dollars (\$25,000,000) as of the effective date of this section.

26 (6) In the sixth full taxable year beginning after the effective date of this section, entities
27 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
28 dwellings shall divest from their holdings in these dwellings by sixty percent (60%) of the aggregate
29 total over twenty-five million dollars (\$25,000,000) as of the effective date of this section.

30 (7) In the seventh full taxable year beginning after the effective date of this section, entities
31 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
32 dwellings shall divest from their holdings in these dwellings by seventy percent (70%) of the
33 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
34 section.

1 (8) In the eighth full taxable year beginning after the effective date of this section, entities
2 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
3 dwellings shall divest from their holdings in these dwellings by eighty percent (80%) of the
4 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
5 section.

6 (9) In the ninth full taxable year beginning after the effective date of this section, entities
7 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
8 dwellings shall divest from their holdings in these dwellings by ninety percent (90%) of the
9 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
10 section.

11 (10) In the tenth full taxable year beginning after the effective date of this section, entities
12 that possess, control, or otherwise claim legal title to single-family dwellings, or multi-family
13 dwellings shall divest from their holdings in these dwellings by one hundred percent (100%) of the
14 aggregate total over twenty-five million dollars (\$25,000,000) as of the effective date of this
15 section.

16 (e) The value of single-family homes and multi-family homes for the purposes of
17 calculating an entity's aggregate total value shall be equal to the assessed value of the property used
18 for the purposes of determining municipal real estate tax, as published by the entity pursuant to §
19 34-18-58(a)(7).

20 (f) Beginning January 1, 2027 and each year thereafter, the maximum allowable aggregate
21 total of real property as established in subsection (b) of this section, shall be adjusted for inflation
22 using the most recent Consumer Price Index (CPI) report as published by the United States Bureau
23 of Labor and Statistics.

24 (g) Should the aggregate total value of real property held by an entity exceed twenty-five
25 million dollars (\$25,000,000) due to increased valuation of said property, then the entity shall have
26 one year from the date of reevaluation to divest such real property that causes the aggregate total
27 valuation to exceed twenty-five million dollars (\$25,000,000).

28 (g) Entities found in violation of this section after a hearing pursuant to chapter 35 of title
29 42 ("administrative procedures") shall be subjected to fines up to, but not exceeding, ten thousand
30 dollars (\$10,000) for each violation. The secretary of the department of housing shall be responsible
31 for enforcing the provisions of this section by promulgating rules and regulations necessary to
32 implement the provisions of this section.

33 SECTION 2. Section 34-18-58 of the General Laws in Chapter 34-18 entitled "Residential
34 Landlord and Tenant Act" is hereby amended to read as follows:

1 **34-18-58. Statewide mandatory rental registry.**

2 (a) All landlords shall register the following information with the department of health:

3 (1) Names of individual landlords or any business entity responsible for leasing to a tenant
4 under this chapter;

5 (2) An active business address, PO box, or home address;

6 (3) An active email address;

7 (4) An active telephone number that would reasonably facilitate communications with the
8 tenant of each dwelling unit;

9 (5) Any property manager, management company, or agent for service of the property,
10 along with the business address, PO box, or home address of the property manager, management
11 company, or agent and including:

12 (i) An active email address; and

13 (ii) An active telephone number, for each such person or legal entity, if applicable, for each
14 dwelling unit; ~~and~~

15 (6) Information necessary to identify each dwelling unit; and

16 (7) The assessed value of each property as used for the purposes of calculating municipal
17 property taxes as well as the aggregate value of all properties owned by the individual landlords or
18 any business entity.

19 (b) All landlords who lease a residential property constructed prior to 1978 and that is not
20 exempt from the requirements of chapter 128.1 of title 42 (“lead hazard mitigation”) shall, in
21 addition to the requirements of subsection (a) of this section, for each dwelling unit, provide the
22 department of health with a valid certificate of conformance in accordance with chapter 128.1 of
23 title 42 (“lead hazard mitigation”) and regulations derived therefrom, or evidence sufficient to
24 demonstrate that they are exempt from the requirement to obtain a certificate of conformance.

25 (c) Contingent upon available funding, the department of health, or designee, shall create
26 a publicly accessible online database containing the information obtained in accordance with
27 subsections (a) and (b) of this section, no later than nine (9) months following the effective date of
28 this section [June 20, 2023].

29 (d) All landlords subject to the requirements of subsections (a) and (b) of this section as of
30 September 1, 2024, shall register the information required by those subsections no later than
31 October 1, 2024.

32 A landlord who acquires a rental property, or begins leasing a rental property to a new
33 tenant, after September 1, 2024, shall register the information required by subsections (a) and (b)
34 of this section within thirty (30) days after the acquisition or lease to a tenant, whichever date is

1 earlier. All landlords subject to the requirements of subsections (a) and (b) of this section shall,
2 following initial registration, re-register by October 1 of each year in order to update any
3 information required to comply with subsections (a) and (b) of this section, or to confirm that the
4 information already supplied remains accurate.

5 (e) Any person or entity subject to subsections (a) and (b) of this section who fails to
6 comply with the registration provision in subsection (d) of this section, shall be subject to a civil
7 fine of at least fifty dollars (\$50.00) per month for failure to register the information required by
8 subsection (a) of this section, or at least one hundred and twenty-five dollars (\$125) per month, for
9 failure to register the information required by subsection (b) of this section.

10 (f) All civil penalties imposed pursuant to subsection (e) of this section shall be payable to
11 the department of health. There is to be established a restricted receipt account to be known as the
12 “rental registry account” which shall be a separate account within the department of health.
13 Penalties received by the department pursuant to the terms of this section shall be deposited into
14 the account. Monies deposited into the account shall be transferred to the department of health and
15 shall be expended for the purpose of administering the provisions of this section or lead hazard
16 mitigation, abatement, enforcement, or poisoning prevention. No penalties shall be levied under
17 this section prior to October 1, 2024.

18 (g) Notwithstanding the provisions of § 34-18-35, a landlord or any agent of a landlord
19 may not commence an action to evict for nonpayment of rent in any court of competent jurisdiction,
20 unless, at the time the action is commenced, the landlord is in compliance with the requirements of
21 subsections (a), (b), and (d) of this section. A landlord must present the court with evidence of
22 compliance with subsections (a), (b), and (d) of this section at the time of filing an action to evict
23 for nonpayment of rent in order to proceed with the civil action.

24 (h) The department of health may commence an action for injunctive relief and additional
25 civil penalties of up to fifty dollars (\$50.00) per violation against any landlord who repeatedly fails
26 to comply with subsection (a) of this section. The attorney general may commence an action for
27 injunctive relief and additional civil penalties of up to one thousand dollars (\$1,000) per violation
28 against any landlord who repeatedly fails to comply with subsection (b) of this section. Any
29 penalties obtained pursuant to this subsection shall be used for the purposes of lead hazard
30 mitigation, abatement, enforcement, or poisoning prevention, or for the purpose of administering
31 the provisions of this section. No penalties shall be levied under this section prior to October 1,
32 2024.

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2 SECTION 3. This act shall take effect on January 1, 2026.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PROPERTY -- CAPACITY TO HOLD REAL ESTATE

1 This act would preclude any legal entity from possessing, controlling or otherwise claiming
2 legal title to real property exceeding an aggregate value of twenty-five million dollars
3 (\$25,000,000) in single-family dwellings or multi-family dwellings. Any legal entity that
4 possesses, controls or otherwise claims legal title to real property exceeding an aggregate value of
5 twenty-five million dollars (\$25,000,000) in single-family dwellings or multi-family dwellings,
6 would be forced to divest a graduated yearly amount from assets consisting of single-family
7 dwellings or multi-family dwellings over the next ten (10) years, until the total aggregate value
8 held by that legal entity is less than or equal to twenty-five million dollars (\$25,000,000).

9 This act would take effect on January 1, 2026.

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