PHP#2
June 26, 2023
Worksession

M E M O R A N D U M

June 21, 2023

TO: Planning, Housing, and Parks Committee

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

PURPOSE: **2nd Worksession** – a Committee recommendation expected

Expected Attendees
Scott Burton, Director, Department of Housing and Community Affairs
Nicolle Katrivanos, Office of Landlord-Tenant Affairs
Natalia Carrizosa, Senior Legislative Analyst, Office of Legislative Oversight
Leslie Rubin, Senior Legislative Analyst, Office of Legislative Oversight

Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The Housing Opportunity Mobility, and Equity (H.O.M.E) Act), sponsored by Lead Sponsors Councilmembers Jawando and Mink, was introduced on March 7, 2023.[1] A public hearing was held on March 28, 2023, at 1:30 p.m. and 7:00 p.m. There were over 80 speakers. A Planning, Housing, and Parks (PHP) Committee worksession was held on June 15, 2023, at 1:30 pm. A second PHP Committee worksession is scheduled for June 26 at 1:30pm.

Bill 16-23 would:

1) establish an annual maximum rent increase for rental housing in the County;
2) provide exemptions for certain buildings from rent stabilization requirements;
3) permit a landlord to submit a petition for a fair rent increase;
4) establish an excise tax for vacant rental units;
5) specify the use of certain tax revenues for the acquisition of affordable housing; and
6) generally amend County law concerning rent increase, landlord-tenant relations, and taxation.

BACKGROUND

While the County does not have rent control or rent stabilization, the County Executive publishes annually by March 1 of each year, the Voluntary Rent Guidelines (VRG) to aid landlords

1 #rentstabilization #thehomeact

with recommended percentages for annual rent increases.[2] The VRG is based on the increase or decrease in the residential rental component of the Consumer Price Index for All Urban Consumers (CPI-U) for the local Washington-Arlington-Alexandria area.

As of February 24, 2023, the VRG for this year is 5.8%. Each year, the online chart is updated by the Department of Housing Community Development Affairs (DHCA), which tracks and displays the rates for the last 40 years, Voluntary Rent Guideline Chart 1983 – 2023.

Since 2020, the Council has reviewed, discussed, and enacted certain legislation that would limit a landlord from increasing rent during and following the COVID-19 pandemic emergency. Below is a legislative snapshot with efforts related to temporary rent stabilization:

Legislative History of Council Bills Related to Limiting Rent Increases

- Expedited Bill 18-20 - Landlord-Tenant Relations - Rent Stabilization During Emergencies, also referred to as the COVID-19 Rent Relief Act was sponsored by Lead Sponsor Councilmember Jawando and Co-Sponsors former Council President Katz, and Councilmember Rice and Councilmember Navarro, was introduced on April 14, 2020, and enacted by the Council on April 24, 2020.

  The law prohibited a landlord from increasing rent during a catastrophic emergency (defined as a COVID-19 emergency declared by Governor Hogan) or providing notice of a rent increase until 30 days after the emergency expires. Under this Act, the temporary rent stabilization law was sunset on November 15, 2021, 121 days after the Governor declared the emergency had expired. This law is no longer in effect.

- Bill 52-20, Landlord-Tenant Relations – Protection Against Rent Gouging Near Transit, Sponsored by Councilmember Jawando and introduced on December 8, 2020. Bill 52-20 would seek to prevent rent increases for rental units near transit stations and establish a base rent amount for those units, among other things. This bill is still pending before the Council with no immediate date set for a Committee worksession.

- Expedited Bill 30-21, Landlord-Tennant Relations – Restrictions Following Emergencies – Extended Limitations, sponsored by Councilmember Jawando and introduced on July 13, 2021. Bill 30-21 was enacted by the Council on November 9, 2021, to extend the limitation for a rent increase, which was already provided for in Expedited Bill 18-20 (see above).

  Specifically, the law continued the limitation on rent increases and extend the timeframe from 90 days to 1 year after the expiration of the emergency – this would extend until August 15, 2022. In addition, it prohibited landlords from charging late fees that accrued during the emergency until August 15, 2022. The rent increase restriction following the COVID-19 emergency is now expired and is no longer in effect.

[2] See, Section 29-53 of the County Code.

- Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases, Sponsored by the Council President on behalf of the County Executive. Introduced on July 12, 2022. Expedited Bill 22-22 would seek to temporarily limit rent increases to no more than 4.4% for up to six months. This Bill had a Committee worksession on October 24, 2022, with no further action scheduled.

Other Jurisdictions with Rent Control or Rent Stabilization laws

Maryland does not have statewide rent control; however, some cities and counties do have provisions related to rent control. For example, Washington County and Frederick County have enabling legislation to enact laws or regulations to control increases in rent. The City of Takoma Park has rent stabilization laws in effect since August 2013 with provisions related to increases, frequency of rent increases, notice to tenants, and reporting requirements.[3] Prince George's County recently enacted Council Bill 7-2023 on February 28, 2023, a temporary rent stabilization act that would limit rent increases by up to 4% for a 12-month period.

There are approximately 22 other states that have rent control, including Washington D.C., California, and New York.

SPECIFICS OF THE BILL

Bill 16-23 would generally prohibit a landlord of a rental dwelling unit from increasing a tenant's rent more than the maximum allowed. Under Bill 16-23, **the maximum allowance for a rent increase is up to 3% or the rental component of the Consumer Price Index (CPI)[4] percentage, whichever is lower**. The increase may only occur once within a 12-month period and the landlord must provide the tenant at least a 90-day notice before increasing the rent. Landlords would be required to submit annual reports regarding their rent amounts to DHCA.

DHCA is required to post on the County Register and its website the annual maximum allowance and notify landlords of licensed rental dwelling units.

Subject to limitations, a landlord may be authorized to "bank" any forgone revenue and apply it to a future year, but this is dependent on whether the CPI is above or below the 3% standard. The Bill also provides certain restrictions for units after a vacancy by a tenant, and for vacant units that return to the market for rent, there is an option to include an allowable rent increase for each year it was vacant, up to a maximum amount, see lines 146-165.

Rent stabilization would not apply to certain rental properties. Specifically, newly constructed units for ten years, accessory dwelling units, certain owner-occupied properties, with at least two dwelling units, certain MPDU buildings, health facilities, religious and non-profit organizations, and licensed facilities, among others, would be exempt.

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[3] Takoma Park Rent Stabilization Law, City Code Chapter 6.20 Rent Stabilization https://www.codepublishing.com/MD/TakomaPark/#!/TakomaPark06/TakomaPark0620.html

[4] Bill 16-23 defines, Consumer Price Index (CPI) means the residential rent component of the Consumer Price Index for All Urban Consumers for the Washington-Arlington-Alexandria Core Based Statistical Area (CBSA), or any successor, designation of that index that may later be adopted by the United States Bureau of Labor Statistics.

Fair Return Petition

Generally, a landlord has a right to petition for a rent increase to obtain a fair return, if the landlord proposes the rent increase should be more than allowed in this Article. The landlord has the burden of proof to submit a petition that includes income and expense information for DHCA to review and determine whether a fair return is permitted. If the petition is granted, the landlord must provide the tenant a 90-day notice before increasing the rent, if a petition is denied, the landlord has the right to appeal to the Commission on Landlord-Tenant Affairs. DHCA also has the authority to "roll back" a rent increase if a fair return petition was submitted in bad faith.

Rental Housing Vacancy Tax

This Bill establishes a rental housing vacancy excise tax. An owner of rental property with two or more units, not condemned, and determined by DHCA as vacant for more than 12 calendar months would be subject to the excise tax. The rental housing vacancy tax would be $500 per year per unit subject to interest and penalties. Funds collected through the tax would be deposited and credited to the County's Housing Production Fund (also known as the Housing Initiative Fund (HIF)) and can only be used for the acquisition of affordable housing and enforcement and administration of this Act. The tax would take effect 1 year after this Act becomes law.

SUMMARY OF PUBLIC HEARING

The Council received an array of public testimony, over 80 speakers testified, and 100 written testimonies were submitted to the Council in favor of Bil1 16-23. A minority of speakers testified against Bill 16-23. The Council is also considering simultaneously another rent stabilization-related bill, Bill 15-23 - Landlord-Tenant Relations – Anti Rent Gouging Protections,[5] where a host of speakers made references to Bill 16-23 while testifying on Bill 15-23. © 287.

Speakers at the public hearing included representatives from the Executive Branch (© 397), the Montgomery County Planning Board (© 110), Maryland House Delegate Gabe Acevedo, tenants, small and large landlords, nonprofit associations, developers, property management companies, investors, advocacy groups, and student advocates. Many of the testimonies reflected the following:

- "In the Planning staff's opinion, Bill 16-23 as currently written does not appropriately balance the considerations highlighted above. While staff is sympathetic to the plight of renters that have experienced excessive rent increases, a maximum cap of 3 percent is not excessive and could have detrimental impacts on the housing market. Staff recommends amendments to the bill in an attempt to better balance the need for tenant protections and ensure there is an investment in the local housing market." (© 121)
- The Climate Action Plan Coalition and many expressed supports for a 3% rent cap because it would result in more predictability, reliability, and stability for renters to remain in their homes. See (© 164)

[5] Bill 15-23 – Landlord-Tenant Relations – Anti Rent Gouging Protections. https://apps.montgomerycountymd.gov/ccllims/BillDetailsPage?RecordId=2790&fullTextSearch=15-23

- A cap higher than 3% may cause tenant displacement, which causes hardship, stress, and significantly changes people's lives. Immigrant families are impacted the most.
- MD Sierra Club stated, there are now roughly 300 eviction cases per month before District Court…to help working-class and low-income people stay in their homes, we strongly support…cap rent increases at 3% a year. © 286
- A resident expressed that seniors are on a fixed income with a 4% COLA every year and Bill 16-23 reduces their rental cost burden over time. See Brandy Brooks at © 153.
- Renters Alliance testified there is no legitimacy for a high rent increase – suggested that Council combine both bills.
- Many individuals in service-related jobs such as teachers, nurses, bus drivers, and librarians cannot afford to live in the County they serve – more than half of their take-home pay goes towards paying rent. The pay is low, and the rent is too high.
- Progressive MD describes that based on statistical data - 90% of people evicted have children in the home.
- SEIU Local 500 testified in support of Bill 16-23. (© 310).
- Our Revolution Montgomery testified that Bill 16-23 supports working families and the legislation aligns with DC and Prince George's County's rent stabilization laws. (© 180).
- Takoma Park has enacted rent control since 1980 and the County should adopt a similar approach.

Speakers in opposition or raised concerns included the following in their testimony:

- The creation of a 3 % cap on annual rent increases for occupied units will severely limit the supply of housing stock in the County. Property owners will be unable to achieve a rate of return that makes reinvestment and redevelopment economically viable. See Oakwood Properties on © 290;
- The allowable rent cap reduces the ability for investment in capital expenditures to improve and upkeep the qualities of multifamily housing. See Halpine Park LLC (© 287);
- Economic data shows that rent control creates housing shortages, drives up the cost of rental housing, and decreases the quality of existing housing stock. Instead, Council should focus on meeting housing targets to increase the supply of affordable housing. See GCCAR, Villy Iranpour (© 407).
- Rent control is ineffective – it does not target the people who need it the most. Rent control is not means tested.
- A recommendation was suggested for the Council to establish a task force that would study and provide tools or create more opportunities for developers to offer affordable housing, *i.e.*, gap financing, strengthen first right of refusal policies, increase LITECH funding, rental assistance, and offer more housing choice vouchers.

SUMMARY OF IMPACT STATEMENTS

The OLO's **Racial Equity and Social Justice Impact Statement (RESJ)** concludes that Bill 16-23 will have a moderate to large impact on racial equity and social justice because the proposed rent regulations would disproportionately benefit Black and Latinx tenants with improved housing affordability and stability. See © 95. OLO relies on statistical data related to the role of housing segregation in fostering housing inequities in the County and local data on housing security by race and ethnicity. © 96

Further, OLO describes that racial and ethnic disparities in housing security are neither natural nor random, but instead reflect the government's role in creating and maintaining racial and ethnic inequity in housing. © 96. The RESJ explains that there is strong evidence that rent regulations are effective in supporting housing affordability and sustainability for tenants, and in the alternative, there is weaker and more inconsistent evidence that rent regulations undermine housing affordability and harm the housing market. © 98.

Overall, OLO's **Climate Impact Statement** anticipates Bill 16-23 could have a positive impact on community resilience in the County because housing stability is an important component of community resilience. © 104.

OLO's **Economic Impact Statement** concludes that Bill 16-23 would have a moderate to large net negative impact on economic conditions. © 87. OLO relied on peer-reviewed studies that indicate rent stabilization may likely result in property owners decreasing operating expenses, removing properties from the rental market (i.e. condo conversion), and overall, reducing the County's competitiveness in the rental housing market.

The **Fiscal Impact Statement** prepared by the Office of Management and Budget (OMB) indicates that in FY24, **expenditures would increase by $1.3 million**, and revenues increase by $23,500 for a net impact of $1.28 million. Beginning in FY25 and beyond, expenditures increase by approximately $1.13 million each year, and revenues increase by approximately $26,900 in FY26 escalating annually until it reaches approximately $33,000 by FY29. © 85. In addition, DHCA would create a new Rent Stabilization Office to review, manage, and ensure compliance with the proposed rent regulations. This office would require an additional 9.0 FTEs beginning in FY24 with estimated annualized personnel costs totaling $996,415.© 86.

SUMMARY OF PHP COMMITTEE WORKSESSION – JUNE 15

Participated in the discussion were Scott Burton, DCHA Acting Director, Nicolle Katrivanos, Office of Landlord-Tenant Affairs, Leslie Rubin and Natalia Carrizosa represented from OLO, and Ludeen McCartney-Green, Legislative Attorney and Christine Wellons, Sr. Legislative Attorney represented as Council staff.

Councilmember Stewart provided key points for the Committee to review and consider, see page © 411. The Council also reviewed certain statistical data provided in the OLO report on rent regulations.[6]

Further, the Committee discussed various provisions related to the Bill, including a request for Council staff to provide at the next worksession, a side-by-side comparison of Bill 15-23 and Bill 16-23 (see issue point #1). The discussion included whether to use a hardship exemption versus fair return, support for capital improvements as a separate provision, exemption for single-family homes, improvement of the annual rental housing survey, the standards for troubled properties and fair return petition, banking when the rent cap is low, and the fiscal impact statement.

ISSUES FOR COMMITTEE'S DISCUSSION

The Committee may discuss the following topics or consider potential amendments that were raised during June 15 worksession:

1. **Side-by-side rent stabilization bills comparison chart.**

Council staff prepared a chart to help identify the differences between both rent stabilization bills (Bill 15-23 and Bill 16-23). The highlighted portion in the chart signifies the specific provisions that differ among the bills. See chart on page ©414.

2. **Amendments by Councilmembers Jawando and Mink.**

a. Extend the grant of the exemption for new construction to **15 years** instead of 10 years. *Amend lines 76-77, as follows*:

> *Grant of exemption.* After submission of an application by an owner, the Department must grant an application for an exemption from this Article for the following:
>
> * * *
>
> (2) a newly constructed rental dwelling unit for a period of **[[**10**]]** 15 years after it is first offered for rent.

Decision Point: Whether to amend the number of years of exemption for new construction?

b. Remove housing vacancy tax. Strike language from lines 458-545.

[6] OLO Repot on Rent Regulations. Release Date: June 13, 2023. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.montgomerycountymd.gov/OLO/Resources/Files/2023_reports/OLOReport2023-5.pdf

Decision Point: Whether to strike the housing vacancy tax in its entirety?

3. The "Fair Return" Methodology - Maintenance of Net Operating Income (MNOI) Approach.

While a fair return is constitutionally required – federal or state law does not require a specific method or formula. However, courts have routinely upheld the maintenance of net operating income (MNOI) as constitutionally valid. (quoting, *Kavanau v. Santa Monica Rent Control Bd., 16 Cal. 4th 761, 770, 66 Cal. Rptr. 2d 672, 678, 941 P.2d 851, 857 (1997), (*also*, El Rovia Mobile Home Park, LLC v. City of El Monte, 48 Cal. App. 5th 113, 113, 261 Cal. Rptr. 3d 528, 530 (2020).*

The MNOI is a standard calculation used to determine rent amounts that is a fair return on investment. The rationale of the MNOI is designed to avoid unconstitutional confiscatory taking on landlords' property and to ensure landlords receive fair and reasonable levels of rent increases on their investment.

At the PHP worksession, Councilmembers raised questions related to: 1) what is the baseline for determining operating expenses; and 2) whether certain expenses such as payments made by the landlord for mortgage expenses, either principal or interest, can be included in operating expenses when submitting a petition for a fair return (currently the Bill does not allow for inclusion, lines 248 – 249).

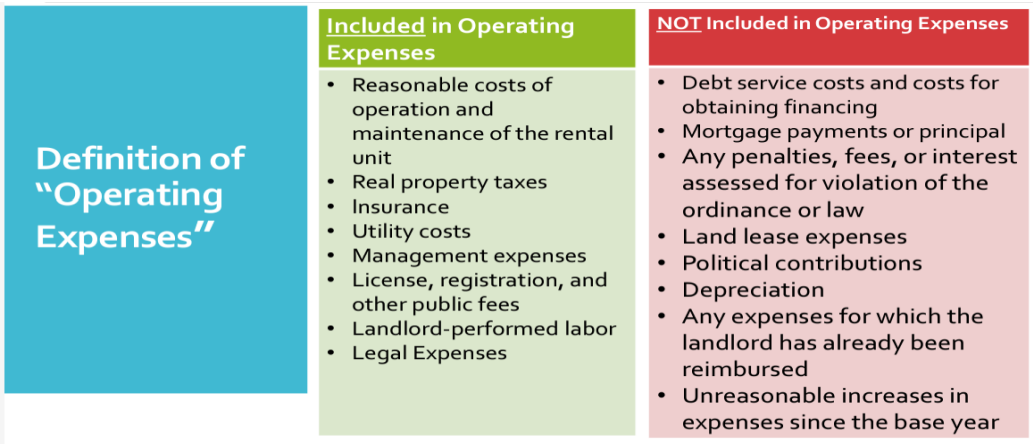
MNOI is a before-tax figure, appearing on a property's income and cash flow statement, that excludes principal and interest payments on loans, capital expenditures, depreciation, and amortization.[7] Bill 16-23 defines NOI as net operating income equals gross income minus operating expenses. NOI is a fundamental accounting principle for calculating the income of a real estate asset minus operating expenses. Similarly, the City of Takoma Park uses the same net operating income approach.[8]

Council staff recommends that if the Committee chooses to alter or modify the MNOI formula it should be consistent with first measuring the income-producing property's profitability before adding in any costs from principal, interest, financing, or taxes. Also, keep in mind, that the more the formula deviates from the industry standard there may be legal challenges related to the constitutionality of the modified formula.

Below is a chart breakdown of the general definition of operating expenses:

[7] Net Operating Income (NOI): Definition, Calculation, Components, and Example https://www.investopedia.com/terms/n/noi.asp.

[8] The Court in *Tyler v. College Park*, 415 Md. 475, upheld that a municipal rent control law was not impermissibly confiscatory, and it did not violate due process or equal protection under the Maryland Constitution Decl. Rights Art. 24. Further, the Court supported the notion that the ordinance provided a fair return for landlords to obtain their investment while still balancing the goals of caping rent levels.



4. Improve the annual rental survey collected by DHCA.

Councilmembers discussed the option to expand the rental survey to collect additional data, including whether a person owns multiple properties or accept the survey on a rolling basis. If the Committee chooses it may consider amending Section 29-51 to specify additional requirements.

5. Amendment suggested by OLO

Establish systems for proactive administration and enforcement of Bill 16-23. See, page 7 of RESJ. © 101. According to the fiscal impact statement, a rent stabilization office would be established and include 9 FTEs. This would improve and suffice the recommendation provided by OLO in its RESJ statement.

6. Transition period.

Mr. Burton suggested during the PHP worksession that DHCA would need at least 6 months to implement Bill 16-23. Council staff recommends an amendment to the Bill to include a transition clause.

7. Amendments suggested by the Planning Board (© 111**):**

- Recommend setting the rent cap in the 5-7 percent range, in addition to the variable CPI component.
- Supports using the broader CPI-U instead of the rental component of the CPI.
- Believe that both rental projects with affordable housing and new development should be exempted from rent stabilization without an application.
- Recommend that the exemption for new development for 10 years be extended to 15 years.
- Recommend allowing "troubled properties" to be eligible for fair returns petitions to increase rent, with the ability to roll back the petition if the expenses for repairs, services, or maintenance were never performed.
- Recommend laying out a process that clearly allows a landlord to receive a fair return if certain conditions are met.

8. **Technical amendments suggested by the Office of County Attorney.**

There are several clarifying and technical amendments recommended for Bill 16-23, see page © 128.

NEXT STEPS: Whether the PHP Committee recommends approval of Bill 16-23 for enactment, as amended?

This packet contains:	Circle #
Bill 16-23	1
Sponsors' Memorandum	23
Fiscal Impact Statement	85
Economic Impact Statement	87
Racial Equity and Social Justice Impact Statement	95
Climate Assessment	104
Planning Board Recommendation	110
Planning Staff Report	113
Technical Amendments	128
Public Testimony – Bill 16-23	130
Public Testimony – Both Bills 15-23 and 16-23	287
Councilmember Stewart's Memorandum	411
Comparison Chart – Bills 15-23 and 16-23	414

Bill No. 16-23
Concerning: Landlord-Tenant Relations – Rent Stabilization (The Home Act)
Revised: 2/28/2023 Draft No. 5
Introduced: March 7, 2023
Expires: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Jawando and Mink

AN ACT to:

(1) establish an annual maximum rent increase for rental housing in the County;
(2) provide exemptions for certain buildings from rent stabilization requirements;
(3) permit a landlord to submit a petition for a fair rent increase;
(4) establish an excise tax for vacant rental units;
(5) specify the use of certain tax revenues for the acquisition of affordable housing; and
(6) generally amend County law concerning rent increase, landlord-tenant relations, and taxation.

By adding
Montgomery County Code
Chapter 29, Landlord-Tenant Relations
Article VIII. Rent Stabilization
Sections 29-81, 29-82, 29-83, 29-84, 29-85, 29-86, 29-87, 29-88, 29-89, and 29-90

Chapter 52, Taxation
Sections 52-21, 52-60, 52-61, 52-62, 52-63, 52-64, and 52-65

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Short Title.

This Act may be cited as "The Housing Opportunity, Mobility, and Equity (HOME) Act."

Sec. 2. Article VIII (Sections 29-81, 29-82, 29-83, 29-84, 29-85, 29-86, 29-86, 29-87, 29-88, 29-89, and 29-90) of Chapter 29 and Article VI (Sections 52-21, 52-60, 52-61, 52-62, 52-63, 52-64, and 52-65) of Chapter 52 are added, as follows:

Article VIII. Rent Stabilization.

29-81. Definitions.

In this Section, the following terms have the meanings indicated:

Base rent means a fixed periodic sum charged for the use and occupancy of a unit or property, as agreed to, by the tenant and stated in the lease. Base rent does not include other charges or payments to cover operating or maintenance expenses, even if the lease characterizes the charges as "rent" or "additional rent."

Consumer Price Index (CPI) means the residential rent component of the Consumer Price Index for All Urban Consumers for the Washington-Arlington-Alexandria Core Based Statistical Area (CBSA), or any successor, designation of that index that may later be adopted by the United States Bureau of Labor Statistics.

Fair return means the base year net operating income adjusted by 70% of the percentage increase in the Consumer Price Index from the base year until the effective date of this Act.

Rental dwelling unit or rental housing means a residential building or unit licensed for rent or lease, and is designated, intended, or arranged for use or occupancy as a residence by one or more persons. A rental dwelling unit or rental housing includes a unit in a single-family home, townhome, condominium, or multifamily dwelling.

Newly constructed rental dwelling unit means a rental unit that, when constructed, results in a net gain, or an additional number of new rental units more than the number of rental units that previously existed, provided that the size of an existing rental unit or any indoor common area of the rental facility is not reduced. A newly constructed rental dwelling unit does not include reconfiguration, renovation, alterations, change in description, or change in identification of a rental unit.

Operating expense means all reasonable operating and maintenance expenses.

Tenant has the same meaning as stated in Section 29-1.

29-82. Application of rent stabilization – scope.

(a) *Scope*. Except as provided in Sections 29-83 and 29-84, this Article applies to all rental dwelling units.

(b) *Rent increase*. A rent increase must be limited to the amount authorized by this Article for a rental dwelling unit.

29-83. Buildings exempt from rent stabilization without an application.

(a) *Scope of exemptions.* This Article does not apply to:

(1) a licensed facility that is used primarily for the diagnosis, cure, mitigation, and treatment of illnesses;

(2) a dwelling unit owned or leased by an organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and used primarily to provide temporary sanctuary or shelter for qualified individuals;

(3) an owner-occupied group home;

(4) a religious facility such as a church, synagogue, parsonage, rectory, convent, and parish home;

(5) group living facilities as defined in Section 59-3.3.2 of the Zoning Ordinance;

(6) a dwelling unit governed by a State or County agreement that limits the rent charged and the agreement remains in effect;

(7) moderately priced dwelling units in a building constructed after 2005 that is governed by a 99-year agreement with the County and that are affordable to families at 120%, or lower, of area median income;

(8) a transient lodging facility subject to Chapter 54;

(9) a school dormitory;

(10) a licensed assisted living facility or nursing home;

(11) an accessory dwelling unit; and

(12) a building originally constructed to contain only two dwelling units, one of which the owner occupies as a permanent residence.

29-84. Application for grant of exemption.

(a) *Grant of exemption.* After submission of an application by an owner, the Department must grant an application for an exemption from this Article for the following:

(1) a rental facility that is subject to a regulatory agreement with a governmental agency that controls the rent levels of one or more rental dwelling units so that they are available only to low- and moderate-income tenants; or

(2) a newly constructed rental dwelling unit for a period of 10 years after it is first offered for rent.

(b) *Termination of exemption.*

(1) An exemption granted under subsection (a)(1) of this Section expires upon the termination of the agreement with the governmental agency entitling the rental facility to the exemption.

(2) Exemptions granted pursuant to subsection (a)(2) of this Section must expire on the ten-year anniversary date of the issuance of the rental housing license, regardless of when the application for an exemption was made by the owner.

(c) *Rents after termination of exemption.*

(1) For rental dwelling units receiving an exemption under subsection (a)(1) of this Section, after the termination of the exemption, the base rent for the unit and the reference point from which the rent must be increased in accordance with this Article must be the allowable rent as reported in the annual rent report, under Section 29-87(a), for each unit at the time the exemption commenced plus the annual rent increase allowance for each year that the unit was exempt.

(2) For rental dwelling units receiving an exemption under subsection (a)(2) of this Section, after the termination of the exemption, the base rent for the units and the reference point from which the rent must be increased in accordance with this Article must be the rent for each unit set forth in the most recent annual rent report, under Section 29-87(a), preceding the expiration of the exemption. For any units not rented when the exemption period terminates, the base rent must be the rent charged when the unit is first rented to a tenant. If the actual rent paid by a tenant differs from the rent stated in the report or the lease, then the lesser of the two must be the base rent.

29-85. Base rent for certain units – established.

(a) *Reset of base rent for owner-occupied condominiums.* When the owner, or successive owners, of a condominium unit, occupies the unit for at least 24 consecutive months as a principal residence, the owner may charge market rent for the unit when the owner rents the unit to a tenant. The rent the owner charges the tenant must establish the base rent for the unit until the owner again occupies the unit for at least 24 consecutive months. If the actual rent paid by the tenant differs from the rent stated in the lease, then the lesser of the two must be the base rent.

(b) *Rents following the sale of a condominium unit.* The owner of a condominium unit that purchases a condominium unit in a bona fide arms-length transaction may charge market rent for the unit when the owner first rents the unit to a tenant after purchasing the unit. The rent the owner charges the tenant must establish the base rent for the unit until the owner occupies the unit for at least 24 consecutive months. If the actual rent paid by the tenant differs from the rent stated in the lease, then the lesser of the two must be the base rent.

(c) *Base rent for certain rental units not subject to rent increase.* For rental dwelling units that are subject to rent stabilization, the base rent must be the rent charged for the unit when the unit is first rented to a tenant after the effective date of this Act. If the actual rent paid by the tenant differs from the rent stated in the lease, then the lesser of the two must be the base rent.

29-86. Annual rent increases – allowance; notice, frequency; and vacant units.

(a) *Annual rent increases.*

(1) *Maximum allowance.* A landlord must not increase the base rent for any rental housing unit by an amount greater than 3% per year,

or the increase in the rental component of the CPI from March 1 of the preceding year to March 1 of the current year, whichever is lower.

(2) *Notice of rent increase allowance by the Department*. The Department must calculate an annual rent increase allowance and notify each landlord by publishing it in the County Register and on the County's website.

(3) *Time period for increase*. The annual rent allowance remains in effect for a 12-month period beginning July 1 of each year and ending on June 30 of the following year.

(4) *Banking permitted based on CPI.* A rent increase less than permitted in this Section may be banked as provided in Section 29-88.

(5) *Rent increase following vacancies.*

(A) *Vacant rental unit – banking allowed.* If a unit previously vacant returns to the market for rent, the new rental amount may include the allowable annual rent increase for each year the unit was vacant, but not to exceed 30% of the base rent amount paid by the prior tenant.

(B) *Rent increase following a tenant vacancy - prohibited.* A landlord, who terminates a tenancy for a reason not provided for in the lease or during the first year of a tenancy, may not reset the rent for the next tenant in an amount higher than the base rent paid by the prior tenant. Any subsequent rent increase must be in accordance with this Section.

(b) *Frequency of rent increases*. Except as provided in subsection (b)(1), a landlord must not increase the base rent for any rental housing unit more often than allowed under Section 29-54.

(1) A base rent may be increased in accordance with the terms and the conditions of a fair return increase petition approved by the Department under Section 29-89.

(c) *Notification of annual rent increase.* A landlord must provide notification of a rent increase as required under Section 29-54.

29-87. Annual reporting requirements.

(a) *Reporting requirements.* By September 30 of each year, a landlord of any rental housing must complete and submit to the Department a rent report for the 12-month period ending on the preceding June 30 on a form provided by and in the manner prescribed by the Department.

(b) *Penalty for failure to comply with reporting requirements.* Failure to file a complete or accurate rent report by September 30 of each year must constitute a Class A violation of this chapter unless an extension of time for a good cause is granted by the Department.

29-88. Banking of authorized annual rent increases.

(a) *Authorized banking based on CPI metric.* A landlord may bank foregone revenue when the CPI metric is above 3% and may determine to recover the foregone rent increase in subsequent years when the CPI metric is below 3%.

(b) *Limit on banking rent increases.* A landlord is not permitted to bank increases for a period greater than 5 years.

(c) *Subject to fair return petition*. Under this Section, a landlord must not exceed the 3% rent increase allowance unless an application for a fair return petition is granted.

29-89. Rent increases pursuant to a fair return petition.

(a) *Fair return rent increase.* Except as provided in subsection (b), a landlord has a right to petition for a rent increase to obtain a fair return.

(b) *Exemption from fair return petition.* A landlord must not file a fair return petition for a rent increase if a unit in the property is designated by the Department as "troubled" or "at risk" under Section 29-22(b). The unit for which the landlord is requesting the increase must have passed a rental housing inspection within one year of the application date.

(c) *Standards for rent increases pursuant to a fair return petition.*

(1) *Base year.* The base year for submission of a fair return petition must be the preceding year prior to the submission of the fair return petition.

(3) *Current year*. The current year must be the 12-month period preceding the date that the petition is filed.

(4) *Current year CPI.* The current year CPI must be the annual CPI for the 12-month period preceding the date that the petition is filed.

(5) *Net operating income*. Net operating income equals gross income minus operating expenses.

(6) *Base year net operating income.* The base year net operating income may be calculated, at the option of the landlord, to equal 40% of the gross income of the rental facility in the prior preceding year.

(7) *Gross income*. Gross income is the annual scheduled rental income for the property based on the rents and fees (other than fees that are reimbursed by the tenants) the landlord included as part of the rental agreement or lease.

(8) *Operating expenses*. Operating expenses may include the following:

(A) utilities paid by the landlord, unless the costs are specified in the lease and passed through to the tenants;

(B) administrative expenses, such as advertising, legal fees, and accounting fees;

(C) management fees, whether performed by the landlord or a property management firm. It is assumed that management fees increased by the percentage increase in the CPI between the base year and the current year, unless the level of management services either increased or decreased during this period. Management fees must not exceed 6% of gross income unless the landlord demonstrates by a preponderance of the evidence that a higher percentage is reasonable;

(D) payroll;

(E) the amortized cost of capital improvements. An interest allowance must be allowed on the cost of amortized capital expenses; the allowance must be equal to the interest the landlord would have incurred had the landlord financed the capital improvement with a loan for the amortization period of the improvement, making uniform monthly payments, at an interest rate equal to the Federal Reserve Board bank prime loan rate as of the date of the initial submission of the petition plus 2% per annum;

(F) maintenance-related material and labor costs, including self-labor costs computed in accordance with any regulations adopted pursuant to this Section;

(G) property taxes;

(H) licenses, government fees, and other assessments; and

(I) insurance costs.

(9) Reasonable operating and maintenance expenses do not include:

(A) expenses for which the landlord has been or will be reimbursed by any security deposit, insurance settlement, judgment for damages, agreed-upon payments, or any other method;

(B) payments made for mortgage expenses, either principal or interest;

(C) judicial and administrative fines and penalties;

(D) damages paid to tenants as ordered by the Commission on Landlord-Tenant Affairs or the courts;

(E) depreciation;

(F) late fees or service penalties imposed by utility companies, lenders, or other entities providing goods or services to the landlord or the rental facility;

(G) membership fees in organizations established to influence legislation and regulations;

(H) contributions to lobbying efforts;

(I) contributions for legal fees in the prosecution of class-action cases;

(J) political contributions for candidates for office;

(K) any expense for which the tenant has lawfully paid directly or indirectly;

(L) attorney's fees charged for services connected with counseling or litigation related to actions brought by the County, unless the landlord has prevailed in such an action;

(M) additional, expenses incurred as a result of unreasonably deferred maintenance; and

(N) any expense incurred in conjunction with the purchase, sale, or financing of the rental facility, including, loan fees, payments to real estate agents or brokers, appraisals, legal fees, or accounting fees.

(10) When an expense amount for a particular year is not a reasonable projection of ongoing or future expenditures for that item, said expense must be averaged with other expense levels for other years or amortized or adjusted by the CPI or may otherwise be adjusted, to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison of base year and current year expenses.

(c) *Rent increase petition based on fair return standard.*

(1) *Form of petition*. Whenever a landlord proposes a rent increase of more than the amount permitted by this Article, the landlord must file a petition with the Department on a form provided by the Department.

(2) *Income and expenses*. A landlord must submit net operating income and expense information. The landlord must submit income and expense information for the two years prior to the current year with the petition.

(3) *Petition restrictions*. A petition filed pursuant to this Section must address an entire rental facility. The landlord filing a petition must own the rental facility for the entire current year.

(4) *Adjustments to petition – base year net operating income*.

(A) *Adjustment of base year net operating income by Department*. If the Department determines that the base year net operating income yielded other than a fair return, the base year net operating income may be adjusted. To adjust the base year net operating income, the Department must make at least one of the following findings:

i. base year net operating income was abnormally low due to one of the following factors:

(a) the landlord made substantial capital improvements that were not reflected in the base year rents and the landlord did not obtain a rent adjustment for these capital improvements;

(b) substantial repairs were made due to exceptional circumstances; or

(c) other expenses were unreasonably high, notwithstanding prudent business practice.

ii. base year rents did not reflect market transactions, due to one or more of the following types of circumstances:

(a) there was a special relationship between the landlord and tenant resulting in abnormally

low rent charges (such as a family relationship);

(b) the rents had not been increased for five years preceding the base year;

(c) the tenant lawfully assumed maintenance responsibilities in exchange for low rent increases or no rent increases; or

(d) other special circumstances which establish that the rent was not set as the result of an arms-length transaction.

(B) *Establishment of a new base year net operating income – prior year petitions*. The net operating income, income, and expenses, determined to be fair and reasonable pursuant to a prior petition for a fair return rent increase, constitute the base year income, expenses, and net operating income in the new petition.

(d) *Consideration of fair return petition by the Department*.

(1) *Issuance of a decision by the Department*. The Department must endeavor to issue its preliminary decision ruling on the petition within 90 days of the review or hearing on the petition. Upon its determination of the rent increase to be granted to the landlord, the Department must issue a decision and furnish a copy of the decision to the landlord.

(e) *Rejection of petition*.

(1) The Department must not consider the fair return petition submitted by the landlord:

(A) until the properly completed petition form, including required supporting documentation, has been submitted to the Department;

(B) when the landlord has not properly registered the rental property with the County or when the landlord has outstanding fees or fines with the Department;

(C) when the landlord has not filed required rent reports for the 3 years prior to the filing date of the petition, provided that the Department may, at its discretion, waive the above requirement for good cause shown; or

(D) when the landlord has failed to comply with a final order of the Department concerning any rental unit owned by the landlord in the County. However, the failure to comply with an order of the Department must not constitute a basis to decline to consider the landlord's request if the order has been appealed to a court and no decision has been rendered on appeal.

(2) If the Department declines to consider the landlord's request it must provide a written explanation for its action.

(f) *Ceiling on fair return adjustments*.

(1) *Fair return rent increases on occupied rental units*. Fair return rent increases must not exceed 15% in any 12-month

period. If the Department awards a fair return rent increase greater than 10%, then the landlord may impose the remainder of the increase in subsequent years in increments not to exceed 10% each year.

(2) *Fair return rent increase following a vacancy.* If the Department determines that a rental unit requiring an increase of more than 10% is vacant, the Department must allow the increase for that unit to be taken in one year, provided the unit became vacant as a result of:

(1) a voluntary termination by the tenant; or

(2) termination of the tenancy by the landlord for breach of the lease.

(g) *Notification requirements*.

(1) *Notice of petition for a rent increase*. The landlord must provide written notification to each tenant affected by a proposed rent increase within one week after the filing date of the petition. Such notification must include a copy of the petition form and a listing of all requested rent increases.

(2) *Notice of a rent increase granted pursuant to a rent increase petition.* The landlord must provide written notice to each affected tenant of the rent increase which has been authorized by the Department, no less than 90 days prior to the date the proposed increase is to take effect.

(h) *Rollbacks - bad faith fair return petitions*.

(1) *Authority to require rollback*. At the consideration of a fair return petition, if the Department finds that the adjusted base year net operating income included in the petition is less

than the actual petition year net operating income of the landlord and the fair return petition was filed in bad faith, the Department may require the landlord to rollback the rents charged on the rental units covered by the petition to result in a net operating income equal to the adjusted base year net operating income.

(2) *Purpose of rollbacks*. The purpose of the rollback provision in this subsection is to ensure that fair return petitions are filed in good faith, that the landlord reviews the records of the rental property for which rent increases are sought to ensure that a rent increase is justified under this Section and to balance both the tenant and the landlord interests in each petition to increase rents above the rent stabilization allowance.

(3) *Determination of bad faith by the Department*.

(A) The Department may determine whether bad faith existed when a landlord:

(i) listed expenses for repairs or services never performed;

(ii) materially misrepresented expenses claimed;

(iii) knowingly filed a false rent report, in whole or in part; or

(iv) acted in some manner which is a clear abuse of the petition process.

(B) The Department must not constitute the following as bad faith under this Section:

(i) miscalculations and simple mathematical errors; or

(ii) claims for expenses or other items which are not specifically addressed in this Section and which the Department disallowed, but which could plausibly have fallen within this Section.

(C) The Department must verify the information upon which it makes its findings of bad faith and must issue a decision clearly stating the basis for its finding. The landlord must notify all tenants affected by the rent rollback, and, if the landlord was permitted to increase rents by the rent increases allowance pending a decision on the fair return petition, all rent increases so collected must be refunded to the affected tenants within 30 days. If the landlord fails to roll back the rent or fails to refund the rent increases collected, the affected tenants may begin paying the rolled-back rent or may deduct any rent refunds or rollbacks owed to the tenants in accordance with paragraph a of this Section.

(i) *Department authority in setting rents*. Notwithstanding any other provision of this Chapter or regulations instituted pursuant to this Article, the Department must consider any factors required by law and grant whatever rent increase is constitutionally required in order to yield a fair return.

(j) *Burden of Proof.* The landlord must have the burden of proof in demonstrating that a rent increase should be authorized pursuant to this Section.

(k) *Appeal.* A landlord that disputes the Department's calculation of income and expenses may appeal that determination under Section 29-14 to the

Commission on Landlord-Tenant Affairs which may decide whether the calculation is correct.

(l) *Regulations*. The County Executive may establish Method (1) regulations to administer this Section.

29-90. [Reserved.] Enforcement.

(a) Consistent with the provisions in Chapter 29, this Section would be enforced by the Department of Housing and Community Affairs.

(b) Complaints by a tenant or landlord must be filed in accordance with Article V of Chapter 29.

Article VI. [RESERVED] Rental Housing Vacancy Tax – Excise Tax.

52-21. Excise tax; property lien.

(a) In this section:

(1) Excise tax:

(A) **[**a.**]** Is any tax not directly imposed on the property; and

(B) **[**b.**]** Includes but is not limited to fuel-energy taxes, telephone taxes, room rental transient taxes, beverage container taxes, **[**and**]** transfer taxes, and rental housing vacancy taxes.

52-60. [Reserved.] Definitions.

The words and phrases used in this Section, have the following meaning:

Calendar year means tax year and applies to the period between July 1 - June 30.

Department means the Department of Housing and Community Affairs.

Director means the Director of Finance or the Director's designee.

Dwelling unit has the same meaning as in Section 29-56.

Owner means any person, agent, operator, firm, or corporation having a legal or equitable interest in a property; or recorded in the official records of the State or County as holding title to a property; or otherwise having charge, care, or control

of the property, including the guardian, executor or administrator of the estate of any such person.

Vacant dwelling has the same meaning as in Section 26-20.

52-61. [Reserved.] Imposition of tax; flat tax rate.

(a) Except as provided in Section 52-62, the Director has the authority to impose, collect, and administer a rental housing vacancy tax against an owner of rental housing.

(b) An annual rental housing vacancy tax must be imposed when:

(1) an owner of a dwelling has more than 2 rental units on premises;

(2) the dwelling unit is not considered condemned under Section 26-13; and

(3) the dwelling unit has been determined by the Department as vacant for more than 12 calendar months.

(c) *Flat tax rate*.

(1) The rental housing vacancy tax must be a flat rate of $500 per year per dwelling unit.

(2) The County Council by resolution, after a public hearing advertised under Section 52-17(c), may increase, or decrease the rate set in subsection (c)(1).

(3) The County Executive may further specify the administration of this tax by Method (2) regulation.

52-62. [Reserved.] Exemptions.

(a) This Article does not apply to:

(1) any agency of the State or the United States;

(2) any organization that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(3) owner-occupied single-family home;

(4) an accessory dwelling unit;

(5) the owner of the property who is deceased;

(6) the owner of the property undergoing any medical care; or

(7) major renovations are being completed to the property.

52-63. [Reserved.] Collection of tax.

(a) *Collection of tax – general*. The Director must collect the tax in the same manner as County real property taxes, apply interest and penalties as provided under Section 52-64, and other remedies, including property lien, if the tax is not paid.

(b) *Use of funds – Housing Production Fund*. All revenue collected under the rental housing vacancy tax must be deposited and credited to the Housing Production Fund ("Fund") as established by the Montgomery Housing Initiative under Section 25B-9. The Fund must be subject to appropriation and fiscal provisions in the Charter. Funds provided for in the Housing Production Fund must only be used for:

(1) the acquisition of affordable housing; and

(2) enforcement and administration of this Article.

(c) *Vacant units identified by the Department*.

(1) The Department must assess and determine based on the annual rental housing survey data required under Section 29-51, the number of vacant rental units and whether a unit was occupied for more than 12 calendar months, or the owner qualified for an exemption under this Article.

(2) By April 15 of each year, the Department must provide any information under subsection (c)(1), or documentation required by

the Department of Finance to calculate the amount of the tax for the preceding calendar year.

52-64. [Reserved.] Interest and penalties.

(a) If an owner does not pay the Director the tax due under Section 52-61, the owner is liable for:

(1) interest on the unpaid tax at the rate of 1% per month for each month or part of a month after the tax is due; and

(2) a penalty of 5% of the amount of the tax per month or part of a month after the tax is due, not to exceed 25% of the tax.

(b) The Director must collect any interest and penalty as part of the tax.

52-65. [Reserved.] Appeal.

A person aggrieved by a final determination of tax or by a denial of a claim for refund may, within 6 months from the date of assessment of the deficiency or from the date of the denial of a claim for refund, appeal to the Maryland Tax Court of Appeals the in the same manner as any other tax grievance.

Sec. 2. Transition; effective date. Article VI of Chapter 52 of this Act must take effect 1 year after this Act becomes law.

March 6, 2023

Dear Colleagues,

Like you, we have heard concerns from residents across the county about the cost of living and the impact of high rent increases. Today, we are responding with the introduction of the H.O.M.E. Act.

We are pleased to share letters of support from landlords, tenants and legislators, as well as labor unions and community organizations, including:

- Montgomery County Education Association (MCEA)
- UFCW Local 1994 MCGEO
- SEIU Local 500
- Shepherd's Table
- African Communities Together
- BIPOC MoCo Green New Deal
- CASA
- Everyday Canvassing
- Glen Echo Heights Mobilization
- IMPACT Silver Spring
- International Organization for Education and Social Services
- Jews United for Justice
- Montgomery County Young Democrats (MCYD)
- Maryland Poor People's Campaign
- MoCo 350
- MoCo DSA
- Montgomery County Racial Equity Network
- Our Revolution Montgomery County
- Progressive Maryland
- Sunrise Silver Spring
- Prince George's County Councilmember Krystal Oriadha
- Delegate Gabriel Acevero (D-39)

We look forward to a robust debate on how we can best protect renters from financial uncertainty, rising costs, and displacement.

Sincerely,

Councilmember Kristin Mink

Councilmember Will Jawando

Gabriel Acevero
Legislative District 39
Montgomery County

Appropriations Committee
Subcommittees
Oversight Committee on Pensions
Public Safety and Administration



Annapolis Office
The Maryland House of Delegates
6 Bladen Street, Room 415
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Gabriel.Acevero@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
Annapolis, Maryland 21401

March 6, 2023

Re: Rent Stabilization – Bill 16-23: The Housing Opportunity, Mobility and Equity Act

To the Montgomery County Council:

I am Delegate Gabriel Acevero of District 39 which includes the communities of Gaithersburg, Montgomery Village, Washington Grove, Clarksburg, and Germantown, representing one of the most diverse districts in the country.

I am writing in support of Council Bill 16-23, The H.O.M.E. Act, introduced by Councilmembers Will Jawando and Kristin Mink establishing an annual maximum rent increase cap at 3 percent, with consideration and alternative options provided for landlords in unique positions through the Fair Return Petition.

As a renter, I have seen my neighbors' rents go up as much as $300 per month. For many residents and families across our county, with these recent rent increases, there is a choice to be made between securing either home utilities or necessities. We need stronger rent protection laws including rent stabilization with a cap at 3 percent.

Montgomery County is one of the most expensive communities to live in. Many of our residents are still reeling from the pandemic and they often pay disproportionately higher monthly and annual housing expenses than renters in neighboring counties.

Prince Georges County Council recently passed rent stabilization package with a cap of 3 percent. I applaud our neighbors and believe that Montgomery County should follow suit and provide much needed protections and relief to families in my district and across our county.

Sincerely,

Delegate Gabriel Acevero

PRINCE GEORGE'S COUNTY COUNCIL

Krystal Oriadha
Council Member
District 7

Ready To Serve!

March 6, 2023

Dear Council President Glass, Council Vice President Friedson, and members of the Montgomery Country Council,

I write to you today in support of Bill 16-23, Landlord-Tenant Relations - Rent Stabilization (The HOME Act). As a member of the Prince George's County Council and with alignment to the People's Agenda, I believe that housing is a human right. In Prince George's, we have experienced the housing crisis that came with the pandemic. Residents have not been able to afford their rents due to high costs and high increases in rent. Yearly, rent increases continue to rise as high as 51% for individuals and families who are still recovering from the economic strains that many experienced because of the pandemic.

My colleagues and I worked with advocates and stakeholders to pass CB-007, the Rent Stabilization Act, which ensures that landlords cannot increase rent to tenants by more than 3%. We passed this with the support of nine Councilmembers, County Executive Angela Alsobrooks, and advocates to ensure that Prince Georgian's are able to remain in their homes and our region for job opportunities, school quality, and cultural diversity. Through several Council Bills, we hope to stabilize housing so that it is accessible to all county residents. This is why I am in such strong support for Bill 16-23, as I believe that it will do the same for Montgomery County residents.

Having safe, stable housing is critical to a healthy society. At a time when our counties are at an all time high in the cost of living, food, transportation and housing, I respectfully urge you to pass this bill, so that residents in Montgomery County can have housing stability.

Sincerely,

Krystal Oriadha
Councilmember, District 7

Website: pgccouncil.us/District7 | Wayne K. Curry Administration Bldg.
Telephone: (301) 952-3690 | 1301 McCormick Drive, 2nd Floor
Email: CouncilDistrict7@co.pg.md.us | Largo, Maryland 20774

AFRICAN COMMUNITIES TOGETHER

1225 S. Clark St. Suite 504
Arlington, VA 22202

700 Pennsylvania Ave SE, 2nd Flr
Washington, DC 20003

African Communities Together (ACT)
700 Pennsylvania Avenue SE 2nd Floor
Washington DC 20003
Contact – Bert Bayou
DC/MD/VA Chapter Director
Email – bert@africans.us

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

African Communities Together strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act.

First, I would like to thank Council member Will Jawando and Kristin Mink for introducing this bill. My name is Bert Bayou, Chapter Director for the DMV office of African Communities Together (ACT). African Communities Together (ACT) is an organization of immigrants from Africa and their families. ACT empowers African immigrants to integrate socially, get ahead economically, and engage civically. We connect African immigrants to critical services, help Africans develop as leaders, and organize our communities on the issues that matter.

From the beginning, we have built a base of tens of thousands of African immigrant contacts, connected thousands of African immigrants to direct services, engaged hundreds of community members in leadership development and public actions, and waged numerous successful policy campaigns.

The top local organizing priority of our DMV chapter is addressing the threat of displacement to low-income African immigrant tenants.

Montgomery County is home to tens of thousands of African immigrants. Most of our community members are low wage workers and renters. According to various surveys, high rent increases, and other expenses related to housing, are the top concerns for households. A typical African immigrant household spends almost half of their income on rent, and most of the time renters must work two, or sometimes three jobs, to make ends meet.

Immigrant communities can't afford or accept increases larger than 3.0% if they want to stay in this county. This bill protects our community from economic stress and displacement. ***We urge the County Council to support the HOME Act.***

Sincerely,

Bert Bayou

DC/MD/VA Chapter Director |
African Communities Together \ africans.us

Dear Kristin,

My name is Agapita Padilla. I am a proud Mexican immigrant who has resided in Glenmont for about 8 years. I am writing to thank you for taking action and introducing a Rent Stabilization that would help keep a roof over my head. I am an elderly woman who has a handicapped son. My rent recently increased by 6%! I don't find that just! Every year the rent continues to increase, and our wages stay stagnant. People like myself who depend on social security cannot keep up, so we are forced to make cuts elsewhere, such as on utility bills, clothing, food, and more. In my case, not only am I having a hard time keeping up with rent, but I am also struggling with my son's medical bills. The bill you introduced alongside councilmember Will Jawando would prevent automatic displacement for my son and me. The thought of having to move is stressful. I hope you and the council can pass this before my next rent increase in the spring.

Please feel free to contact me with questions.

Sincerely,

Agapita

Alex Banks
Silver Spring, MD, 20902 (Forest Glen)

County Council: Pass the HOME Act, and Pass it Quickly!

Dear Montgomery County Councilmembers,

My name is Alex Banks and I am a father of two MCPS students in the Forest Glen area, in District 6. I urge the County Council to quickly pass the HOME Act to cap rent increases at a maximum of 3% to keep single parents like me housed and stable.

After working in retail and hospitality for most of my life, I've been able to build a family in Montgomery County thanks to my current job working for the Union of the American Federation of Teachers. The financial security I've built up is now at significant risk, however: my rent will soon increase by 19%, from $2100 to $2500. As a single father of two young elementary schoolers living in one of the most expensive parts of the country, *any* rent increase would threaten my financial stability, especially any increase nearing the double digits.

Because of this increase, I have less money for basics like groceries and to provide things for my kids like new clothes and potentially braces for my oldest son. I do not own a car, so it is crucial for me to live near a metro station as well as my children's school. The condo I rent is in the perfect location, but there are not many available alternatives nearby that meet those criteria so I really don't have a choice but to pay the increase for another year and hope something better opens up nearby – looking to the other transit-accessible areas near me in Silver Spring and Wheaton are completely out of my budget.

People in my situation will be forced to look further away from DC (where I and so many work) which just further exacerbates the problem with regards to transportation/commute time. This is a problem for sustainability for me and for our environment. This is a problem of protecting our educators, who face more flack from parents than ever before and are being priced out of the county at alarming rates. This is a problem for our already over-crowded homeless shelters, and for the growing number of homeless people I encounter in the Silver Spring and Forest Glen area daily. And this is a problem for the many, many people on the precipice of displacement, just a few dollars of back rent away from losing everything.

The long term solutions to our County's housing crisis, like social housing, better inspections, and investment in deeply affordable and dignified housing. We desperately need to cap the rent at 3% maximum to prevent the worsening of all of the problems I listed above.

I urge you to pass the HOME act, quickly and in its strongest form.

Thank you.

Alexis Kurtz
Downtown Silver Spring
Alexiskurtz@yahoo.com | 443-713-8513

My name is Alexis Kurtz, and I live in Downtown Silver Spring, in District 4. I'm a public school teacher who's recently experienced a 7% rent increase.

Yet I've also faced mold, ants coming up from the floors, wires loose in the walls which impair wifi abilities, oil paint melting in the bathroom and dripping down our faces when we shower, and flooding during heavy rain.

I am a public school teacher, but I don't know if I can continue to be one anymore. I've outlasted teaching during an international pandemic and still cannot afford to live. My rent is nearly 50% of my paycheck, and that's with a roommate.

I have less money for food. I am lucky enough to be a middle school teacher at a school that gives free breakfast, which I usually eat for lunch. I've had to start coaching after school in order to pay for the rent increase from last year, but I can't afford this one unless I get a second job. I don't have the time to have a second job and also do my first one well.

I can't afford pencils or fidgets for my students, so they have to go without unless the county has extras. When gas prices rose, I was lucky enough to spend a few nights with family who lives closer to my work so I wouldn't have to drive as much.

I can't afford the rent increase, but I can't afford to move either. Rent everywhere is still rising, and there doesn't seem to be an end. If my rent increases again, I'm going to have to move out of MoCo and get a job somewhere else.

The county cannot concurrently allow housing prices to increase while not also providing adequate salaries to the people who work for them. Any place a teacher, nurse, or social worker can't afford to live in will not be able to improve. I worry how these increases will impact our children's education.

Please support and quickly pass the HOME Act, so that educators like me can receive the dignity and stability we need to support our children and community.

Dear Councilmember Jawando and Mink,

My name is Alma. For 14 years, my family and I have called Germantown home. During COVID, we found stability and financial predictability with the rent cap protection. Rent was paid on time, bills were more manageable, and we had money to save for the future.

Then in June of 2022, my family received a rent increase of 7.11%. Shortly after that notice, my husband got sick with COVID and could not work for a few weeks. My husband is the only breadwinner in our family. I cannot work because one of my daughters has unique needs that require full-time assistance.

When he returned to work, we were weeks behind rent—weeks turned six months. Despite our best efforts to pay a little here and there, we continued to fall behind. We applied for rental assistance, which has been an overwhelming process. We applied for rental assistance, but it has been an overwhelming process that takes months, leading to emotional turmoil and sleepless nights.

In January, my landlord sent me a 60-day notice to vacate. To make matters worse, I just received a letter being denied Rental Assistance. To say that we are worried is an understatement. We don't know where to go with very little affordable rent in the county.

I am writing to share my story. It's the story of hundreds across the county. I am here not only urging for quick action from our elected officials to pass Rent Stabilization but to have a heart. Communities like mine deserve to be here. We deserve stability and predictability. We deserve a HOME. And that's why I am writing this letter of support for Bill 16-23 (HOME ACT).

Thank You!

Estimados concejales Jawando y Mink,

Mi nombre es Alma. Durante 14 años, mi familia y yo hemos llamado hogar a Germantown. Durante COVID, encontramos estabilidad y previsibilidad financiera con la protección del tope de alquiler. El alquiler se pagaba a tiempo, las facturas eran más manejables y teníamos dinero para ahorrar para el futuro.

Luego, en junio de 2022, mi familia recibió un aumento de alquiler del 7,11 %. Poco después de ese aviso, mi esposo se enfermó de COVID y no pudo trabajar durante algunas semanas. Mi esposo es el único sostén de nuestra familia. No puedo trabajar porque una de mis hijas tiene necesidades únicas que requieren asistencia de tiempo completo.

Cuando volvió al trabajo, llevábamos semanas de retraso en el alquiler, las semanas se convirtieron en seis meses. A pesar de nuestros mejores esfuerzos para pagar un poco aquí y allá, continuamos atrasándonos. Solicitamos asistencia de alquiler, que ha sido un proceso abrumador. Solicitamos asistencia de alquiler, pero ha sido un proceso abrumador que lleva meses, lo que lleva a una confusión emocional y noches de insomnio.

En enero, mi arrendador me envió un aviso de 60 días para desalojar. Para empeorar las cosas, acabo de recibir una carta en la que se me niega la asistencia para el alquiler. Decir que estamos preocupados es quedarse corto. No sabemos adónde ir con muy poco alquiler asequible en el condado.

Escribo para compartir mi historia. Es la historia de cientos en todo el condado. Estoy aquí no solo instando a que nuestros funcionarios electos tomen medidas rápidas para aprobar la Estabilización de Rentas, sino que tengan corazón. Comunidades como la mía merecen estar aquí. Nos merecemos estabilidad y previsibilidad. Nos merecemos un HOGAR. Y es por eso que estoy escribiendo esta carta de apoyo al Proyecto de Ley 16-23 (LEY DE VIVIENDA). ¡Gracias!

March 6, 2023

Attn: Councilmember Kristin Mink
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850

Dear Councilmember Mink,

I'm writing to you regarding the urgent need for rent stabilization and relief efforts in Montgomery County and to express my support for the HOME Act. **My husband, Craig, and I have lived in Silver Spring, MD for nine years**—seven of those have been spent living in our current building located at 1150 Ripley Street.

During our time as tenants, we have always paid our rent—including all fees and utilities—on time and in full. This includes the nearly six months of 2020 when we had intermittent (at best) access to hot water and the four weeks we were displaced in summer of 2021 due to a burst pipe flooding our unit at the time. **In short, we have been model tenants**.

On February 21, 2023, we received a renewal letter (attached) from our property management company, Washington Property Company, **demanding a <u>30% increase</u> in our rent for a standard 12-month lease.** Over the course of a year, **this increase would cost our household an additional $7,680 in rent.** It should be noted that our building has undergone no major capital improvements or renovations, nor has management added any significant amenities to the property to justify such an outrageous increase in our rent. In fact, **the only justifications cited for the increase are inflation—which was 6.4% through January 2023—and the recent expiration of Council-mandated limits on rental increases.**

Our building is over ten years old and is surrounded by newly constructed, luxury apartment buildings. This means we live in one of the most affordable buildings within a several block radius. As a result, our fellow residents are a diverse mixture of families and individuals who represent the best parts of living in Silver Spring. **Extreme rent hikes will make this building unaffordable to many existing tenants and will force residents out of the neighborhood entirely as we are surrounded almost exclusively by high-priced luxury rentals.** Because Washington Property Company owns and manages five buildings in Montgomery County, I suspect this problem will not be isolated to our building nor our neighborhood.

Upon attempting to negotiate with our building manager, my husband was told that **Washington Property Company is aware the increase is extreme but knows most residents won't have the time or energy to negotiate and will simply "pay or move".** Similarly, **the manager seemed to indicate that there is a broad movement among management companies to align rents throughout Downtown Silver Spring into specific price ranges for similar-sized units.** In other words, they're not *<u>not</u>* price fixing.

I believe it is obvious that **only direct action by the Montgomery County Council can reign in extreme rent hikes like the one we currently face.** Renters in Montgomery County are not a transient or temporary population. Many of us are longtime residents who simply find ourselves priced out of the housing market here but still love the place we call home**. I hope the Council will pass the HOME Act and afford renters the protection we deserve.**

Best,

Alyse Stokes
1150 Ripley Street
Silver Spring, MD 20910

solaire
1150 Ripley

Tuesday, February 21, 2023

Alyse Stokes
1150 Ripley Street [redacted]
Bldg # 01 [redacted]
Silver Spring, MD 20910

Dear Alyse Stokes:

Thank you for calling Solaire 1150 Ripley your home over the past year. We'd like you to continue to be our resident with a new lease starting on 6/1/2023. As you may be aware, on May 16, 2022 Montgomery County lifted the renewal increase mandate that has been in place over the last 30 months. Due to the mandate being lifted, renewal increases are no longer capped at 0.4% beginning August 2022. During this time, costs of operating our community have increased significantly due to inflation and supply chain delays. Over the past 30 months our team has worked to provide a great experience while navigating the impact of the county's renewal restrictions in addition to increased costs in labor, parts, and services that our community relies on daily. For your review, below is your renewal offer for your upcoming term. We understand that you may have questions regarding this increase and encourage you to schedule a time to meet with your Property Manager to discuss your options.

Current Rent 2,091.00

Lease Option	Monthly Rent	% Inc
15 - Month Lease	2,509.00	19.99%
12 - Month Lease	2,731.00	30.61%

Month-to-Month Option	Monthly Rent	% Inc
Month-to-Month Lease	3,137.00	50.02%

In addition to your monthly rent, you currently have the following additional item(s) leased:

Item	Current Rate	New Rate
Pet Rent	35.00	35.00
Parking	150.00	150.00

The above item(s) will renew at the new rate unless you inform us that you wish not to renew the item(s).

If you do decide to move, please provide us with written intent to vacate (check your lease for the required notice period). If we don't hear from you before your lease expires, your lease will convert to a month-to-month status effective the first day of the month following expiration. The monthly rate indicated in the month-to-month lease option above will apply.

Again, please contact the leasing office if you have questions. We'll be happy to assist you.

Sincerely,

The Staff of Solaire 1150 Ripley

cc: Resident file

Dear Councilmember Mink,

My name is Ana Laura Garcia, and I have been a Montgomery County resident for 20+ years. I am also the president of a tenants association representing 150+ immigrant families in Germantown. About a year and a half ago, we fought for a rent-stabilization bill to protect Montgomery County residents from any rent increment during the pandemic. The bill allowed people to keep a roof over their heads and provided stability in most people's lives when they needed it the most. As people still struggle to get back on their feet, the last thing that we want to do is allow rent increases to go unchecked. For many in my community, a rent increase beyond 5% would make it harder to find affordable housing in the county including myself. I want to live here for the next 20 years; however, with little to no work and rising housing costs, I am afraid that I will no longer be able to afford to live in the county that I've called home for the past 20 years. I am writing a letter supporting Bill 16-23, the Home Act. We deserve to a future here in Montgomery County.

-Ana Laura Garcia.

Estimado concejal Mink,

Mi nombre es Ana Laura García y he sido residente del condado de Montgomery durante más de 20 años. También soy presidente de una asociación de inquilinos que representa a más de 150 familias inmigrantes en Germantown. Hace aproximadamente un año y medio, luchamos por un proyecto de ley de estabilización de alquileres para proteger a los residentes del condado de Montgomery de cualquier aumento de alquiler durante la pandemia. El proyecto de ley permitió a las personas mantener un techo sobre sus cabezas y proporcionó estabilidad en la vida de la mayoría de las personas cuando más lo necesitaban. Mientras la gente todavía lucha por recuperarse, lo último que queremos hacer es permitir que los aumentos de alquiler no se controlen. Para muchos en mi comunidad, un aumento de alquiler superior al 5 % dificultaría encontrar viviendas asequibles en el condado, incluyéndome a mí. Quiero vivir aquí durante los próximos 20 años; sin embargo, con poco o ningún trabajo y costos de vivienda en aumento, me temo que ya no podré vivir en el condado al que he llamado hogar durante los últimos 20 años. Estoy escribiendo una carta apoyando el Proyecto de Ley 16-23, la Ley de Vivienda. Merecemos un futuro aquí en el condado de Montgomery.

-Ana Laura García.

Letter in Support of Bill 16-23,
The Housing Opportunity, Mobility, and Equity (HOME) Act

My name is Bess Teller and I am a resident of Brookeville, Maryland in District 7. I am writing in support of Bill 16-23, the HOME Act, which will create stability and predictability for landlords and tenants by creating parameters for annual increases in rent, with appropriate exemptions for new construction and deeply affordable housing, plus an appeal process for landlords who are facing unusual circumstances or costs.

My husband and I were renters for nine years before we were able to be homeowners. Now we are landlords for two attached homes that are both located in Silver Spring. We have told our property manager that if either or both tenants have difficulty paying rent, especially due to COVID, we would not pursue a late fee or eviction, although we still have our expenses to maintain the homes.

Economic instability, which existed before COVID and was worsened due to the pandemic, continues to push thousands of Montgomery County households to the brink of homelessness. I strongly support emergency rental assistance as a necessary part of keeping people in their homes. I have contacted my state legislators to urge them to include much needed emergency rental assistance in this year's state budget.

But emergency rental assistance isn't enough. Ripple effects from the pandemic are still causing financial disruptions. People are still missing hours at work due to COVID or COVID related closures. Asset depletion and increasing rent debt is widespread among low-income renters. With savings and credit tapped out, households have no buffer to keep them from homelessness when small financial setbacks inevitably happen.

Many small landlords, like my husband and me, have kept rents steady over the years and work with our tenants to keep them from being displaced. However, it isn't a level playing field, and it causes a lot of instability in our communities when some landlords are raising their rates year after year at levels that aren't sustainable for renters.

For all of these reasons, I am urging you to support Bill 16-23, to create a more just and sustainable system that will strengthen our communities and improve the quality of life for everyone in Montgomery County.

BIPOC MOCO Green New Deal Internship

Jim Driscoll, MBA, PhD
Coordinator, BIPOC MOCO Green New Deal Internship
Treasurer, National Institute for Peer Support
5800 Nicholson Lane, Unit 401
North Bethesda, MD 20852
520-250-0509
jimwdriscoll@gmail.com

March 2, 2023

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

The BIPOC MOCO Green New Deal (GND) Internship strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act.

We thank Councilmembers Jawando and Mink for introducing the bill.

The internship is a project of the National Institute for Peer Support, a small nonprofit based in North Bethesda. The Institute educates and advocates locally and nationally on behalf of social, economic, environmental and climate justice. This spring, there are 25 BIPOC MOCO high school youth in the Internship paid to learn about climate science, the community of climate and social justice organizations in the County and the skills of social change. They volunteer with over a dozen social justice organizations and take part in nonviolent direct action. Since the summer of 2021, the Internship has trained over 100 MOCO BIPOC high schoolers. The Internship is part of the MOCO Green New Deal founded by 350.org and Extinction Rebellion MOCO in response to the County's failure to take meaningful action on climate change after declaring the first "climate emergency" in the United States in 2017. The Interns have repeatedly raised the need for action on climate and a MOCO Green New Deal in the local media:

Intern Media Summary .docx

The Interns and the MOCO nonprofit organizations who help train them are concerned about the interconnected crises of housing and climate justice in MOCO–and their disproportionate impact on their own BIPOC communities. From their lived experience, from presentations by local social justice organizations and from volunteering with those organizations, they have learned a lot about that interconnection. Rents in MOCO, indeed, are too damn high–and the landlords keep raising the rent, often outrageously. They know that high rents force students to study in small apartments. They know that unpredictable and large rent increases create an atmosphere of uncertainty that affects students' work in school. They know some students are forced into homelessness. They know that unhoused people suffer the most from climate-driven heat waves

and storms. They know that other students have been forced to move out of the County. They know the impact of the resulting long commutes on greenhouse gas emissions. They know some students have to go without air conditioning in heat waves due to high and increasing rents. They know the world does not care about people who look like them. They know that their County is doing very little to protect people like them from the rampaging climate catastrophe. They know that if civilized life is to survive in the County, its residents must work together. They know that forced displacement and uncertainty about rent increases undermines the ability of families to cooperate and indeed the ability of the County to deliver effective services during this emergency.

The HOME Act for Rent Stabilization provides some protection against homelessness, displacement, and housing uncertainty. Besides dealing with the housing crisis, this Act will facilitate the response of County residents and the County itself to the climate crisis. The least the Council can do is to pass the HOME Act. Now that these BIPOC young people know about the importance of strong rent stabilization, this is a chance for the Council to show them it cares about them and understands the connection between stable rents and dealing with the climate emergency.

We urge the County Council to support the HOME Act.

Sincerely,

Jim Driscoll

March 3, 2023

Council President Glass, Council Vice President Friedson, and County Council Members
100 Maryland Avenue, 6th Floor
Rockville, MD 20850
transmitted by email

Re: Letter in Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

My name is Jacob Kmiech, and I am an Equal Justice Works Fellow in CASA's Legal Team, where I help with cases involving access to housing and housing conditions. Over 122,000 members guide CASA's mission to create change as the leading immigration organization in the Mid-Atlantic. CASA combines advocacy, community organizing, and human services to serve its members and provide the support necessary for full participation in our society. More can be read about CASA on its website here: https://wearecasa.org/

My daily work on CASA's housing team brings me into contact with people throughout our community who are on the verge of being forced out of their homes. While we are able to help these clients navigate the legal system and often win cases where the odds are stacked against them, there are still many cases where we are nearly powerless to help them avoid displacement despite clear injustice. Of this category, the largest majority come from apartment complexes where their landlord has suddenly raised their rent to an extreme and unreasonable degree beyond the realm of affordability for the average tenant currently living there. This practice is currently legal despite the destructive effects that such profiteering has on the community at large.

This is why the Home Opportunity, Mobility, and Equity Act introduced by Councilmember Jawando and Councilmember Mink is so critical. Rent stabilization strikes an ideal middle ground by helping to protect tenants from extreme rent hikes, while also ensuring that landlords can still make reasonable increases in their rent.

Local Statistics

For many years, renters have struggled to meet rising and extreme rent hikes. Over the course of 2022, rental inflation reached an extraordinary rate of 14%, easily doubling the 7% inflation rate seen on other products. Meanwhile, wages have stagnated, and renters have been forced to leave their communities because of prices displacing them.

Currently, our area is one of the most expensive for housing. More than half of households in the DC-area are rent burdened, meaning that their monthly rent exceeds more than 30% of their monthly income. Without protection, these renters are placed in danger and constant fear of extreme rent increases that would price them out of their homes.

National Efforts

Recognizing this danger, the White House has directed the Federal Housing Finance Agency to explore protections against high rent increases, recognizing that "Renters should have access to housing that is safe, decent and affordable and should pay no more than 30 percent of household income on housing costs."[1] As part of this effort, the White House has called on local lawmakers and private housing actors to protect renters and "enhance existing policies and develop new ones that promote fairness and transparency in the rental market." The administration also endorsed the early commitments of the Wisconsin Housing and Economic Development Authority and Pennsylvania Housing Finance Agency for their own rent stability legislation.[2]

Community Need

Throughout Montgomery County, the percentage of rent burdened families has continued to grow. CASA's legal team, dedicated to representing clients in housing matters, regularly hears stories directly from renters who live throughout Montgomery County. Among those struggling to get by, we have heard from renters who have been required to bring in additional family and/or friends to help pay their rent. We have heard from members who have been forced to take two jobs just to keep a roof over their kids' heads, leaving them with less time to share with them. Above all else, we have heard from communities that are surprised that extreme rent hikes of the nature we are describing are even legal.

Why Rent Stabilization?

Rent stabilization programs (not to be confused with rent caps, rent control, or rent freezes) prevent extreme spikes in housing costs and price gouging by limiting the rate that rent can increase in a given year. Rent stabilization still allows rent to increase, but only by a reasonable percentage defined by law, which helps to protect

[1] https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/25/fact-sheet-biden-harris-administration-announces-new-actions-to-protect-renters-and-promote-rental-affordability/
[2] *Id.*

tenants from extreme cases of profiteering. Currently, more than 180 cities and towns in the United States have rent regulations in place to protect their tenants. This includes Prince George's County, which almost unanimously approved a rent stabilization measure on February 28th, limiting the ability for landlords to increase rent for tenants above 3% of their current rent over a 12-month period[3]

Beyond preventing price gouging, stabilization would have several economic benefits. Firstly, it would provide economic stability, transparency, and predictability to renters, helping them to get the peace of mind they need to plan for other expenses and invest elsewhere in our economy. Second, it would prevent involuntary displacement and homelessness by ensuring those most rent burdened can retain their homes each year. Third, it would help to promote racial equity. Studies have shown that people of color and black and indigenous communities experience the most egregious rent increases, and rent stabilization legislation would help to protect against these extreme increases. Finally, it would hold landlords accountable for maintaining safe and healthy housing.

Rent Stabilization vs. Rent Control

Unlike rent freezes and rent control measures, which have some unintended consequences on the housing ecosystem, rent stabilization is a healthy equilibrium and tool that can be used to prevent displacement in our communities. Rent stabilization allows landlords to bring in a reasonable return on their investment by raising their rent by a specific percentage each year (3%), but also helps to protect those most vulnerable in our communities from extreme hikes.

Additionally, the Home Opportunity, Mobility, and Equity Act provides a failsafe petition for landlords who do legitimately need to raise their rent beyond 3%. As a result, all landlords would be able to operate reasonably, and tenants would be protected from unjust rent hikes.

Rent Stabilization Allows for Reasonable Rent Increases

Research from the Center for Urban and Regional Affairs shows that median rent hasn't increased more than 3% annually. However, BIPOC households did face significantly higher rent increases. Standing behind this balanced legislation means protecting those who need it most, while not harming those landlords who raise their rents at a reasonable rate.

Between 2021 and 2022, the average yearly rent increase nationwide shot up to 14.07%, far exceeding the average increase of years past and also the median increase of 3% used by more reasonable landlords.[4] [5] This trend of increasing nationwide rent

[3] https://www.pgccouncil.us/CivicAlerts.aspx?AID=1350#:~:text=The%20Prince%20George's%20Council%2C%20during,over%20a%2012%2Dmonth%20period.

[4] https://www.creditkarma.com/insights/i/average-rent-increase

[5] https://www.washingtonpost.com/business/2022/01/30/rent-inflation-housing/

prices beyond that of the median 3% landlords use is troubling. Setting an official rate any higher than the proposed 3% would incentivize landlords to increase their rents beyond the realm of affordability for most in our community. To raise its rent beyond 3%, a landlord should be required to show that the increase is necessary, helping to prevent harm to the 30% of people in our region who are rent burdened as is.

Additionally, this legislation will help to protect the most vulnerable landlords in our community. Regrettably, the Urban Institute has shown that out-of-state corporate landlords and investors have entered the housing market in droves, outbidding first-time homeowners and smaller property owners. After this bidding process is finished, these larger corporations use their weight to push for egregious rent increases, pushing those most vulnerable out of their communities. We need to implement policies standing against this behavior to protect landlords that wish to profit fairly and the tenants they rent to.

More than 180 cities across the country have begun to use a form of rent stabilization. Empirical research performed throughout the country over the course of several decades demonstrates that rent regulations have been effective in both "maintaining below-market rent levels and moderating price appreciation."[6] The Home Opportunity, Mobility, and Equity Act is specifically designed for our community, recognizing the dynamics and realities it faces and built with local input and research. By joining together, we can ensure that everyone has a place to call home.

What We're Seeing in the Community

CASA's legal team is in direct contact with tenants throughout Montgomery County who are struggling to make ends meet. Sudden and unreasonable rent increases have forced many of our members and their families out of their homes with nowhere to turn. As a result, the most common question we are asked is whether an extreme rent increase is legal or not. We have met clients who have faced skyrocketing rents over the span of just a few years, and they have been left with no recourse except to pack their bags and leave.

For example, a client from Germantown who had been living in her apartment for 14 years sought our services in June of 2022, when she faced a sudden increase to her rent of 7.11%. Shortly after seeing this increase, her husband got sick with COVID. With her husband unable to work, they fell behind on that month's rent payments, which resulted in late fees that already exacerbated her problem. While she has made payments on rent since, the combination of the hike in rent alongside these late fees left her behind on rent for about six months. The two applied for rental assistance, but it has been an overwhelming process that takes months, leading to emotional turmoil and sleepless nights. In January, the office sent her a 60-day notice to vacate,

[6] Goetz, E., Damiano, A., Hendee Brown, P., Alcorn, P., Matson, J., "Minneapolis Rent Stabilization Study," University of Minnesota Center for Urban and Regional Affairs, (Pg. 20) (2021), *citing* Autor et al., 2017, Early, 2000; Heskin et al, 2000; Sims, 2007; Clark and Heskin, 1982; Levine et al, 1990.

placing her in fear of not only her displacement, but also that of her two daughters, one of whom has special needs, further increasing her daily cost of living. To date, this family doesn't know where they will go, as any other apartment will be too expensive for her family to afford.

Similarly, just this week I spoke to a client who will remain anonymous. This client has lived in an apartment for about five years in Montgomery County, but each year the apartment has raised her rent considerably. Last month, her rent was unjustifiably increased by a shocking 13% , far faster than the rate at which her wages increase, which means that she would need to pay an extra $2000 each year to live there. For someone living paycheck-to-paycheck to support her kids, like she is, this increase will force her and her children out of her home with almost nowhere to turn. The first question on this clients' mind, and also that of the first client whose rent was raised by 7.11%, was whether this profiteering was legal, and we unfortunately needed to tell them both that it was. This client insisted, like many others before her, that what happened to her doesn't feel legal and shouldn't be. I think her insistence is highly instructive. While rent increases this extreme may be outliers, they should not be allowed to harm our communities by unjustifiably pricing folks out of their basic necessities.

Conclusion

It is deeply wrong to encourage needless profiting off of nothing short of exploitation. In the late 1800s and early 1900s, this exact mindset convinced lawmakers to pass minimum wage legislation, requiring employers of that time to pay *at least* a reasonable wage to their employees. Similar principles are at play here. Rent stabilization would encourage landlords to build more housing and invest in our community to reach profits instead of simply piling costs on existing tenants who are already struggling to get by.

It is important to remember that rent stabilization is designed with the majority of landlords in mind. This legislation still gives room for landlords to raise their rent to a reasonable amount to cover costs typical of running an apartment. Most landlords in Montgomery County don't raise their rents to an absurd level, but we need to protect against those who do, both for the benefit of smaller landlords and renters alike.

A significant percentage of renter households in Montgomery County are housing cost-burdened, and, as such, are especially susceptible to economic shocks and eviction. Each day, we hear from tenants who live in substandard housing they can barely afford. With nowhere else to turn, those with the fewest options are left with the least opportunities.

To fully protect renters who have the highest need, protect our local housing market, and save county costs, The Home Opportunity, Mobility, and Equity Act will be a critical tool in the County's toolbox. It will protect tenants and landlords who raise their rents reasonably, and will keep more money in the pockets of low-income

Montgomery County residents who contribute to our local economy, rather than pad the pockets of out-of-county landlords looking to make an unjust profit.

Sincerely,

Jacob Kmiech
Equal Justice Works Fellow
CASA

Cecilia Lazo
11540 Lockwood Dr,
Silver Spring, MD, 20904
301-213-2056

Concejal Mink,

Mi nombre es Cecilia Lazo, vivo en 11540 lockwood dr silver spring 20904. Soy recidente de el condado de Montgomery hace 15 anos. Trabajo en limpieza de casas pero apenas tengo 3 dias de trabajo y me aumentaron la renta en un 5%. El cual se me hace muy injusto porque prácticamente trabajo solo para pagar la renta. La verdad no puedo pagar mis gastos médicos porque no me alcanza mi salario y mas aparte pago los biles. Estoy muy estresado en esta situación. Necesitamos una estabilización de los alquileres que realmente beneficie a nuestras comunidades. Por eso escribo en apoyo de su proyecto de ley. Por favor ayudenos.

-Cecilia

English:

Councilor Mink,

My name is Cecilia Lazo, I live at 11540 Lockwood dr, silver spring 20904. I have been a resident of Montgomery County for 15 years. I work cleaning houses, but I barely have 3 days of work, and they increased my rent by 5%. Which is very unfair to me because I work only to pay the rent. The truth is, I can't pay my medical expenses because my salary isn't enough, and I pay the bills on top of that. I am very stressed in this situation. We need rent stabilization that genuinely will benefit our communities. That is why I am writing in support of your bill. Please help us.

-Cecilia

Letter in Support of the HOME ACT

Dear Council President Glass, Council Vice President Friedson, and members of the County Council:

My name is Agbegnigan Amouzou (Alias Coach Fofo); I have lived in Montgomery County for over 20 years, currently at Spring Park Apartment in White Oak. I realize that the rent is up at 8%, and I can't afford to continue to pay because the monthly income I bring into my home is not close to what I pay. I ask the Montgomery County Council to pass the HOME Act. Thank you!

Sincerely,

Agbegnigan Amouzou AA

Tino Fragale (he/him), Board President
Everyday Canvassing
everydaycanvassing.org

Letter in Support of the Housing,Opportunity, Mobility, & Equity Act

Dear members of the County Council,

Everyday Canvassing is a Montgomery-County based nonpofit whose mission is to make local government as accessible as a door-to-door conversation to our County's most systemically disenfranchised community members. Over our three years of work in Montgomery County, we've knocked on nearly 50,000 renter doors; documented 2,541 conversations with different renters; and maintained relationships with over 1,400 renters. We have also referred or directly handled social services applications of hundreds of these residents.

Everyday Canvassing is generally unselective both who we talk with and what we talk about, inviting every community member to share what issues are top of mind. Our thousands of conversations have made it abundantly clear that renters across Montgomery County need and have asked for low, predictable yearly rent increases. We strongly support the HOME Act and its limitations of rent increases to 3% yearly increases maximum.

Over the last year alone, we have spoken with over a thousand renters struggling to afford their housing costs, all while dealing with contract negligence resulting in conditions hazardous to renters' health, safety, and finances. Despite the contractual responsibility for landlords to cover the significant maintenance issues we learn about at the doors, the renters we speak to must often pick up the costs of pest control, clean-up, and appliance replacement. Many renters suffer without reprieve and don't receive responses from their management for months – often, only when renters escalate to the County. Renters consistently suggest to us that rent increases beyond a couple percentage points are not only unaffordable, but are also unfair when they live in conditions unequivalent to what they pay for. Renters suggest rent stabilization as one of many important solutions to our housing affordability crisis, and as a key tool of fairness in an undignified housing landscape across the county.

Limiting rent increases to 3% will, at the very least, allow renters predictable and manageable increases while we as a County continue to work on the long-term solutions that decrease housing costs for renters, such as greater public investment in affordable housing development and maintenance. We've learned from experiences of many community members we know who have gone from housed to homeless, and the

inability of many community members to transition from homelessness to housed, that Montgomery County urgently needs to lower housing costs – now – using every tool we have.

Everyday Canvassing strongly urges the Montgomery County Council to pass the HOME act and stabilize rents at 3% or less. This will provide immediate relief to the thousands renters in our County who already can't afford increases; enable predictability for tenants; and give Montgomery County time to move forward the many long-term solutions we need to ensure all of our neighbors can live out their right to a stable home.

Thank you, and we look forward to continuing to work with you.

Gledys Guerrero
3119 Hewitt Ave,
Silver Spring, MD, 20906
2407523528

Carta de Apoyo a la Ley de Vivienda.

Mi nombre es Gledys Guerrero. Vivo en Silver Spring. Soy residente del condado de Montgomery desde hace 17 años. Trabajo en limpieza. Soy madre de 3 hijos, pero tengo muy pocas horas de trabajo, y soy una de las personas afectadas por el aumento del 7% en la renta. Con mucho esfuerzo, debo sacrificar otras necesidades de salud para pagar el alquiler. Estoy en este condado por necesidad. Nuestros salarios no aumentan, y como esta renta sube diariamente, luchamos para alimentar a nuestros hijos.

Por esta razón, le pido al consejo del condado que apoye la estabilización de alquileres de la Ley de viviendas.

3119 Hewitt Ave,
Silver Spring, MD, 20906
2407523528

Letter of Support for the Home Act.

My name is Gledys Guerrero. I live in Silver Spring. I am a 17-year resident of Montgomery County. I work in cleaning. I am the mother of 3 children, but I have very few hours of work, and I am one of the people affected by the 7% rent increase. With a lot of effort, I must sacrifice other health needs to pay the rent. I am in this county out of necessity. Our salaries do not increase, and as this rent rises daily, we struggle to feed our children.

For this reason, I ask the county council to support the Home Act rent stabilization.

GLEN ECHO HEIGHTS MOBILIZATION

Dear Council President Glass, Council Vice President Friedson, and members of the County Council:

Glen Echo Heights Mobilization supports the passage of a rent stabilization bill -- the Housing Opportunity, Mobility, and Equity Act. Montgomery County needs legislation to protect housing for its low-income residents. Though we have not yet seen draft legislation, GEHM supports a bill to significantly stabilize rent increases so our most vulnerable residents can better weather the impacts of climate change.

Glen Echo Heights Mobilization is a community organization in Montgomery County Maryland with 50 members or more. Our members are fortunate to experience the high quality, if expensive, standard of living the County offers. We have advocated for the County's historic declaration of a climate emergency, and supported the adoption of the County's Climate Action Plan in 2021. Our organization played a key role in supporting the policy change established in 2022 of Montgomery County Public Schools to participate with the broader county plan. Our members have supported other social justice organizations in the County to ensure that County policies to deal with the climate crisis.

Our members are concerned about the impact on the County's renters of large rent increases. Such increases contribute to homelessness (not in the interest of anyone in the County) and, in the best of worlds for those confronting such increases, effective expulsion from a county where they work because it is too expensive to live there. The increasing commuter burden on such people increases greenhouse gas emissions on the rest of us. Further, low-income and unhoused people bear the greatest risks from impacts caused by climate change, while often facing a disproportionate burden of utility costs. The unpredictability of rent increases has a social impact, making them less resilient to the impacts of climate change.

Stabilizing rents for those employed in our county for our services is not only fair to them, but benefits the rest of us who can more easily afford to live here.

We urge the County Council to support the HOME Act.

Sincerely,

Doris Nguyen
Glen Echo Heights Mobilization, Founder

Hosain Alam
704 Marblehedge Way
Silver Spring, MD 20905
Contact: hosainalam@aol.com

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

My name is Hosain Alam. I am a Silver Spring resident and a small landlord, and I strongly support the passage of the Housing Opportunity, Mobility, and Equity (HOME) Act.

I have lived in Silver Spring for more than 22 years, and my wife and I also own a single-family home in Prince George's County which we currently rent to several tenants. Most of our tenants have been living in the house for 8 years. Most of them work for Walgreens and KFC, and one of them is a retiree. They almost always pay rent on time, except if there is an unavoidable emergency, and in this case we waive the 5% late fee as an act of compassion.

We have not raised the rent for the past 5 years. And during the past 8 years, we have raised the rent only once, after we renovated the kitchen and the bathrooms. Over the years we have managed to have a fair and reasonable relationship with our tenants. We have convinced them to help us maintain the property by reporting potential repairs in a timely manner. We also allow them to make small repairs, and reimburse them for the expenses they incur. This relationship, built on mutual trust and cooperation, has evolved into a human relationship, to the extent that some tenants have designated us as their emergency contacts. There were times when we received calls from medical practitioners, updating us on a tenants' well-being, which is very important to us. We understand that tenants need a place to live, work and have a good night's sleep. And we know that when tenants have stability in their lives, we as landlords also secure a reliable source of income to pay the mortgage, which is exactly what our experience has been.

I am providing this testimony to share my experience about what the landlord-tenant relationship should be, and to express support for the HOME Act. The 3% cap in the HOME Act is reasonable, and the proposed act appears to allow for reasonable exceptions for capital improvement, which means that landlords who have been acting as I have the past 8 years should have no problems under it. I believe the act will lead to a win-win situation for both tenants and landlords and I urge the County Council to pass the HOME Act immediately.

Sincerely,
/Hosain Alam/

Hosain Alam
March 5, 2023

8807 Colesville Rd, Lower Level
Silver Spring, MD 20910
(301) 298-5117
www.impactsilverspring.org

March 3, 2023

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council:

IMPACT Silver Spring strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act.

I would like to thank Council Members Jawando and Mink for introducing this timely and necessary bill. IMPACT Silver Spring's work of building a racially and equitable Montgomery County requires a reasonable approach to stabilizing rents for those in our community who are struggling to get by in our county at sub-living wage levels. Our support of low-income residents has given us a window into the struggles that renters in our county continue to face with rapidly rising rents following the ending of Covid emergency rent stabilization measures taken by the prior County Council.

Reasonable provisions such as those in the HOME Act will be an important support to keeping our widening racial wealth gap in check. Rent stabilization alone will not solve this problem but can be an important bulwark in holding back the forces unleashed by systemic failures that have led to our current reality. During the pandemic and in the post-pandemic period of economic uncertainty, we see many in our network fall significantly behind in their rent. Too often, residents need to choose between food, rent and necessary medications. We need to do better. Bills like the HOME Act are necessary steps to us being the welcoming, inclusive community that allows opportunities for all of its residents to achieve their potential.

Thank you for your consideration of this important bill. IMPACT Silver Spring looks forward to a continued partnership with the County Council in building the kind of racially and equitable community that I know is possible in our county.

We urge the County Council to support the HOME Act.

Sincerely,

Michael Rubin
Interim Executive Director
IMPACT Silver Spring

International Organisation for Education and Social Services

Letter in support of the (HOME) Act Bill

Montgomery County Council
Stella Werner Council Office Building
100 Maryland Ave
Rockville, MD 20850

Dear Council President Glass, Council Vice President Friedson, and members of the Council,

As the President and Founder of IOESS (International Organisation for Education and Social Services), which serves more than 170 families in Montgomery County, I am writing to express my support for the HOME Act Bill.

IOESS assists immigrants from many different countries in different parts of Montgomery County and especially assists Afghans who recently immigrated to the United States. All of the immigrants, including me, started life in this new country with many hopes. While I immigrated to the US in 2020, most of the Afghan immigrants that IOESS assists immigrated to the US after the fall of Kabul in 2021. We initially came to the Enclave in White Oak because of the affordable rent. However, the recent steep rent increases at the Enclave have made these apartments unaffordable. A few months ago, one of the new immigrants told me that he can't afford the new rent and is worried that he will be evicted. I am sure that hundreds of other immigrant families have the same worries.

Many immigrants in my community, and especially the Afghans, want to live near each other because of their small numbers in the community and for emotional connectedness. However, with large rent increases, many renters will be forced to move out of their homes. I am very concerned that this will lead to a loss of community and social ties, as people who have lived in an area are uprooted and forced to find new homes elsewhere. I have already seen this happen throughout Montgomery County, as many renters we have assisted have been displaced to areas that are further from their work, schools, or other important places in their lives, making it difficult for them to maintain their previous routines and connections.

We all want Montgomery County to be economically sustainable and affordable for its residents, but the steep increase in rents around Montgomery County are making that goal unattainable. In addition to affecting families economically, I am concerned that large rent increases will affect family

members' mental health, as immigrant families lose their social connections and community and have less money to spend on essential goods and services. I am concerned that high rents are likely to lead to or worsen depression and anxiety in recent immigrants who have already faced a lot of trauma in their lives.

These are some of the reasons why the HOME Act bill is so important for the community that IOESS assists. Limiting rent increases is important to help make housing affordable for many people, but is especially important for those with low incomes. Large rent increases make it difficult for tenants to plan their finances and stabilize their housing situation. Limiting rent increases can also have economic benefits for the county, such as reducing homelessness and the strain on social services. Overall, limiting rent increases is important for promoting affordable, stable, and fair housing for all members of the community.

We urgently request that the Montgomery Council pass the HOME Act bill so that all residents can thrive in Montgomery County.

Sincerely,
Muhammad Bilal Wali
+1 202-909-0016
bilal@ioess.org

13206 Twinbrook Pkwy,
Rockville, MD, 20851

March 4th, 2023

100 Maryland Ave,
Rockville, MD 20850

Dear Council,

My name is Jessica Guerrero. I am a Montgomery County resident and a mother of three. I reside in the Rock Creek Apartments in Rockville. If the complex sounds familiar, it was the site of a flash flood that displaced 150 tenants and claimed the life of a young man who saved his mother from certain death.

Aside from the tragic flood incident last year that had multiple warning signs, my family and I, along with my fellow neighbors, have been subject to deplorable conditions. But this is nothing new. These are ongoing maintenance issues that tenants have long been fighting well before the pandemic. These issues include mold, mice and cockroach infestation, plumbing issues, and much more. Too often, our concerns go unheard, leaving many of us to accept living in hazardous health conditions. Many of us, including my family, have children with asthma who cannot be subjected to dangerous health conditions.

But with **soaring rental prices** and minimal affordable housing, most black and brown communities like mine have no choice but to stay, leaving our fate in the hands of our landlord. The worst part is that our landlord has raised our rent by an average of 4-7%. So we are paying nearly $2,000 monthly to live in deplorable conditions. **THAT IS NOT JUST!**

I am writing to say that black and brown communities like mine deserve better!

Immigrant communities deserve better!

Families deserve Better!

And above all else! Our Children deserve better!

The county must stop failing its residents when they need government the most.

I stand with hundreds of renters who say THE TIME IS LONG OVERDUE FOR PERMANENT RENT STABILIZATION! I urge all of you to Support **Bill 16-23**. The bill is reasonable and would bring much-needed relief and stability to many families.

Sincerely,

Jessica

Jews United for Justice
Laura Wallace, Montgomery County Director
laura@jufj.org
www.jufj.org

Letter in Support of Bill 16-23,
The Housing Opportunity, Mobility, and Equity (HOME) Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

Jews United for Justice (JUFJ) strongly supports Bill 16-23, the Housing Opportunity, Mobility, and Equity Act. Thank you to Councilmembers Jawando and Mink for championing this important legislation.

JUFJ organizes over 2,000 Jews and allies from across Montgomery County, who act on our shared values to advance social and economic justice and racial equity in our local community. We are grateful to the County Council for extending pandemic-era rent stabilization, but unfortunately those protections expired in May 2022. Since then, the housing instability and cycle of displacement that existed long before COVID has come roaring back and poses a threat for the 35% of County households who are renters.

Jewish sacred texts recognize that having safe, stable housing is critical to a healthy society, and we know that it is key to reducing racial inequities. Our texts are full of conversations, laws, and traditions about the obligations landlords and tenants have to each other, and our collective responsibility to ensure people can remain in their homes. We have heard from members of our community about their rising rents and their worries about their future. Young people who grew up in Montgomery County are worried they can't afford to stay here. Families with children are worried about moving their children from one school to the next. Retired and disabled people on fixed incomes are worried about being uprooted from their neighborhood and leaving their friends and places of worship.

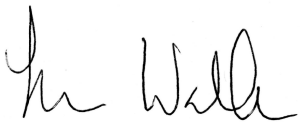
The HOME Act will provide the stability and predictability that renters in our County need to flourish by stabilizing rents at a maximum of 3%, with exemptions for new construction and low-income housing that will allow for the growth of more affordable housing in our County.

Additionally, the HOME Act will create a system for landlords to apply for rent increases above the normal annual allowance and set policies that discourage the damaging practice of holding units vacant.

We know that rent stabilization is not sufficient to address the housing crisis in Montgomery County, but it is an important piece of the puzzle, along with direct rental assistance, using County funds and County land to build affordable housing, making the MPDU program more effective, and strengthening renter protections.

Every one of our neighbors in Montgomery County deserves the stability needed to put down roots, and with that vision in mind, we urge the Council to support the HOME Act as an important and immediate tool to curb the crisis of evictions, displacement, and homelessness.

Sincerely,



Laura Wallace
Montgomery County Director
Jews United for Justice

Liliana Velasquez
2305 Georgian Way,
Silver Spring, MD, 20902
240-615-2867

Estimada Kristin Mink,

Mi nombre es Liliana Velásquez y he sido residente del condado de Montgomery durante 3 años. Vivo en 2305 Georgian Way. Es un desafío pagar un porcentaje del 5% de aumento de alquiler. Lamentablemente no tengo estabilidad laboral para ayudar a mi esposo, quien solo tiene 3 días de trabajo en un restaurante. La situación es desafiante para nosotros porque tenemos una niña que, cuando tengo uno o dos días para limpiar una casa, no puedo aceptar los trabajos porque me costaría todo mi salario y más ponerla en el cuidado de niños. Si el alquiler continúa aumentando de la forma en que está, no sé cómo nos mantendremos. La comida y el costo del día a día han subido. Los salarios no suben como lo hace el alquiler. Cada vez que aumentan nuestros salarios, los altos precios de alquiler, los servicios públicos y el costo de los bienes lo compensan. Estoy escribiendo esta carta porque necesitamos urgentemente una Estabilidad de Alquileres. Durante la pandemia, buscamos alivio, sabiendo que nuestra renta no superaría el 1,4%. Sin la Estabilización de Renta permanente, me temo que nuestros sueños de que nuestra hija asista a una buena escuela aquí desaparecerán. La situación es tal que actualmente estamos buscando otra casa fuera del condado de Montgomery. Por favor ayúdenos y tome en consideración a familias como la nuestra. Esperamos que se apruebe la legislación que ustedes introducen. Es nuestra única esperanza.

Liliana

Liliana Velasquez
2305 Georgian Way,
Silver Spring, MD, 20902
240-615-2867

Dear Kristin Mink,

My name is Liliana Velasquez, and I have been a resident of Montgomery County for 3 years. I live at 2305 Georgian Way. It is challenging to pay a percentage of 5% rent increase. Unfortunately, I don't have job stability to help my husband, who only has 3 days of work in a restaurant. The situation is challenging for us because we have a young girl who, when I get a day or two to clean a house, I cannot take the jobs because it would cost me my entire earnings and more to put her in childcare. If rent continues to increase the way that it is, I do not know how we will sustain ourselves. Food and day-to-day cost are up. Salaries do not go up the way rent does. Anytime our wages increase, high rent prices, utilities, and the cost of goods offset it. I am writing this letter because we need a Rent Stability badly. During the pandemic, we sought relief, knowing that our rent would not exceed 1.4%. Without permanent Rent Stabilization, I’m afraid our dreams of our daughter going to a good school here will disappear. The situation is such that we are currently looking for another home outside of Montgomery County. Please help us and take into consideration families like ours. We hope that the legislation that you introduce will pass. It’s our only hope.

Liliana

Dear Councilmember Mink,

My name is Maria Enriquez. I am a proud immigrant from Mexico and a proud Montgomery County resident that has spent the last 25 years calling this place home. I am also one of your constituents. As a mother of two children, I had never had problems paying my rent until the pandemic.

When the pandemic came, I began losing my cleaning jobs and could not pay my rent and utilities on time. The accumulation of late fees worsened the situation, which put me in a difficult financial situation. In my case and many tenants in my neighborhood, being late on rent has led the management company to ignore fundamental housing rights. When we found protection with the emergency rent stabilization, many management companies, including mine, found a way around the rent cap by creating new and absurd charges.

Many families have not recovered from the pandemic. Many are still looking for jobs and sacrificing other necessities to pay rent. I was thrilled that you and council member Will Jawando are introducing a bill that would cap rents at 3%. This bill will help stabilize rents for my community and me and protect me from miscellaneous fees and costs that many management companies are implementing. For this reason, I am writing a letter of support for bill 16-23.

Sincerely,

Maria Enriquez

Dear Kristin,

I'm not sure if you remember me. My name is Maryury Avila. I am from Honduras, A CASA member, and a resident of Wheaton. You helped me find shelter after a town hall meetings a few weeks ago. I cannot describe how much that meant to my beautiful 5-year-old daughter and me. Unfortunately, I am back to being unhoused.

As you know, I was evicted from my home two weeks ago. I watched as my personal belongings and life were dumped on the street in just under 15 minutes. My 5-year-old girl played innocently in the yard, not knowing what was happening. No words can describe the feeling. The best I can come up with is that I had little value as a human being for the first time.

I fell behind on rent by months after an increase of 6%. Despite my best efforts to work with management and receive rental assistance, they filed an eviction. Ultimately, I was thrown out unjustly like a dog by the landlord. Unfortunately, I know that I am not the only one who is facing this. Many immigrant communities like mine are facing this injustice weekly.

I am writing this letter to thank you for what you are doing and to urge the council to support your bill. I do not wish my situation on anyone. And I hope that by passing this bill, our immigrant community can find stability.

Your friend,

Maryury

Estimado Kristin,

No estoy seguro si me recuerdas. Mi nombre es Maryury Ávila. Soy de Honduras, miembro de CASA y residente de Wheaton. Me ayudaste a encontrar refugio después de las reuniones del ayuntamiento hace unas semanas. No puedo describir cuánto significó eso para mi hermosa hija de 5 años y para mí. Desafortunadamente, volví a estar sin vivienda.

Como saben, me desalojaron de mi casa hace dos semanas. Vi como mis pertenencias personales y mi vida fueron arrojadas a la calle en poco menos de 15 minutos. Mi niña de 5 años jugaba inocentemente en el patio, sin saber lo que estaba pasando. No hay palabras que puedan describir el sentimiento. Lo mejor que se me ocurre es que tenía poco valor como ser humano por primera vez.

Me retrasé en el alquiler por meses después de un aumento del 6 %. A pesar de mis mejores esfuerzos para trabajar con la administración y recibir asistencia para el alquiler, presentaron un desalojo. Al final, el propietario me echó injustamente como a un perro. Desafortunadamente, sé que no soy el único que se enfrenta a esto. Muchas comunidades de inmigrantes como la mía enfrentan esta injusticia semanalmente.

Le escribo esta carta para agradecerle por lo que está haciendo y para instar al consejo a que apoye su proyecto de ley. No le deseo mi situación a nadie. Y espero que al aprobar este proyecto de ley, nuestra comunidad inmigrante pueda encontrar estabilidad.

Tu amiga,

Maryuri

RE: H.O.M.E. ACT – Letter of Support

From: MCEA President Jennifer Martin

Date: March 6th, 2023

Montgomery County has always been one of the most desirable counties to live in our state; but many of our residents struggle to afford our high housing costs. We are now three years removed from the start of a global pandemic, when our County Council and County Executive stepped up to ensure that educators, students, and their families could remain in their homes, placing emergency caps on rent increases during the Covid-19 pandemic. Three years later, we are still facing a housing crisis that has coincided with an economic downturn that has forced many to work multiple jobs just to survive.

As it currently stands, over two-thirds of our educators across our school system do not live in the County, with many being unable to afford to live here. In numerous cases, our educators must travel over 40 minutes to and from neighboring counties because rent costs have reached a new level of unsustainability.

Incredibly, in the richest state in the nation, students have been forced to live in county shelters or out of vehicles because of evictions created by soaring rent prices. This is especially true in our communities of low income.

According to a 2018 Office of Legislative Oversight report, 8% of writs of eviction led to evictions in one year. That may seem like a small number, but that is approximately 1,000 primary lease holders who were subject to the trauma of displacement. Breaking that number down, and we find the following staggering statistics:

- Three of the County's election districts had significantly more Writs of Restitution and evictions than other parts of the County: District 13 (Silver Spring & Wheaton-Glenmont), District 9 (Gaithersburg, Montgomery Village & southern Germantown) and District 5 (Burtonsville & White Oak).
- Each of those districts had a poverty rate above 7%, with two of them having poverty rates as high as 9%.
- When overlapping the writs of eviction with our Title One schools, we find that all MCPS Title One schools are in those three districts. This means that our poorest communities, which house some of our most diverse schools, saw significantly higher displacement.

It is not often that we see competing pieces of legislation around one topic, but that speaks to the housing crisis we find ourselves in. However, there are two big differences between both bills introduced:

- ✅ One bill, the HOME Act, will stabilize rents at 3% and provide thoughtful exemptions for capital improvements and new construction.
- ❌ The other bill will stabilize rents at 8% + CPI, effectively codifying double-digit rent increases and predatory landlords' displacement of tenants.

The rent stabilization guidelines in the H.O.M.E. Act would ensure that our students and educators are not displaced by exorbitant rent costs. MCEA stands in solidarity with County Executive Elrich, and Councilmembers Mink and Jawando, and the 25+ organizations that have been included in this bill-drafting process. This was a process undertaken with care and collaboration, and one that actually heard from all stakeholders. The HOME Act is the only legislation that will keep people in their current living situations while simultaneously allowing the county to build deeply affordable housing.

The H.O.M.E Act would give families the ability to plan their futures and remain in the communities they love.

We speak of ourselves as a welcoming and equitable county.

Let us live up to our ideals and act on those words so our residents can call Montgomery County their lifelong home.

Sincerely,

Jennifer Martin

MCEA President

March 5th, 2023

Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850
240- 777-7900
county.council@montgomerycountymd.gov

Letter in Support of Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

Dear President Glass, Vice President Friedson, and County Councilmembers:

The Montgomery County Young Democrats (MCYD) urge the County Council to support Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act), establishing an annual maximum rent increase for rental housing in the County and permitting a landlord to submit a petition for a fair rent increase. Renters are experiencing a lack of stability and predictability for the cost of their homes, leading to many residents geting pushed out and facing eviction. This bill is needed to ensure that people have access to affordable housing in Montgomery County with market stability.

As previously mentioned in our letter of support regarding Bill 22-22, during the COVID-19 pandemic the County Council enacted limits on rent increases in order to protect residents harmed by high unemployment and to ensure they could stay in their homes during a global pandemic. However, the once temporary protections must now become permanent, in order to ensure members of our community are not improperly subjected to unfair rental increases. MCYD continues to understand that landlords have a right to earn a living, but in a decent and fair society, residents should have a right to equitable and predictable housing market changes as well.

Montgomery County continues to face a housing crisis where many residents are struggling to find affordable housing. Renters make up approximately 37% of Montgomery County residents and already tend to pay higher percentages of their income on housing than homeowners. The Washington Post reported that since 2019 average rent prices in Montgomery County have increased by 8.3%. But many County residents are reporting far more significant rent increases–10%, 20%, and even higher hikes–which have resulted in people being priced out of their homes. Silver Spring residents wrote to the Council of monthly rent increases of $200-$400.

While renters do have the power to file complaints about rent increases, many people are unaware that they have this right or lack the knowledge to navigate that process. Bill 16-23 aims to limit rent-stabilized units to annual rent increases matching the predetermined Voluntary Rent Guidelines (VRG), which is a rate of 3% or lower.

Black and Latino families disproportionately rent their homes instead of owning them. Because of a shortage of housing, people encounter substantial difficulties in finding and keeping their rental property. Moving is also costly and risky for residents, who have to pay security deposits, move their belongings, and get situated. And when residents are evicted due to their inability to meet rent increases, the results are traumatic, often resulting in people becoming homeless and living on the streets. Eviction harms people's mental and physical health, hurts their financial wellbeing, hinders their efforts to rise out of poverty, and harms their future attempts to get housing.

Bill 16-23 outlines necessary solutions to the disproportionate and inequitable rent increases occurring all through the County. For over 10 years, the Voluntary Rent Guidelines were around 2.25%, and averaged 3% over the last 20 years. Bill 16-23 is proposing a 3% cap which would be well within County standards, allowing for much needed predictability to tenants. The bill also provides an opportunity for landlords to petition and apply for rent increases above the proposed annual allowance by filing a Fair Return Petition. By allowing landlords to petition for rent increases, they can state their claim for why the rent increase helps cover their bottom line: current net operating income. The measures in Bill 16-23 will provide much needed protections for renters in the light of unaffordable housing and account for the landlords who are accountable for covering their operating income so as to make a profit.

Housing is a human right. Bill 16-23 will ensure that renters are protected against unpredictable and unstable rent increases, ensure that more people have access to affordable housing, reduce evictions, and promote equity and justice in our society.

MCYD urges that this bill be brought up for a vote and for a favorable report on the bill. Codifying rent stability as permanent law will significantly help renters disproportionately burdened by profiteers. Please contact us at mocoyoungdems@gmail.com if you have any questions.

Sincerely,

The Montgomery County Young Democrats



Maryland Poor People's Campaign
Contact: Linnell Fall, Michael Puskar, Alana Suskin, MD PPC Tri-Chairs
policy@mdpoorpeoplescampaign.org

Dear Council President Glass, Council Vice President Friedson, and members of the County Council:

The Maryland Poor People's Campaign strongly supports the passage of the Housing Opportunity, Mobility, and Equity (H.O.M.E.) Act and we urge you to act swiftly to ensure it is enacted into law.

Its importance as a means to help low-wealth families obtain secure housing cannot be overstated. We applaud the County Council's prioritizing this essential need and finding a solution. This legislation offers a first step in changing the moral narrative and moving towards such outcomes. The Maryland Poor People's Campaign is part of a nationwide social justice movement that advocates for poor and low-wealth individuals in our nation. We seek to change the moral narrative that drives our economy and political system by working to uplift poor and low-wealth families to ensure their needs are acknowledged and addressed when legislatures take on the issues that so profoundly impact their lives. In the past few years, we have advocated for progressive legislation on the county and state levels to address lack of affordable housing, criminal justice reform, including reform of the juvenile justice systems, healthcare disparities and lack of available medical insurance, food insecurity, obtaining justice for communities impacted by environmental degradations, and reforms in the educational system that would produce more effective outcomes for all communities.

We recognize that addressing housing insecurity in Montgomery County and producing more affordable housing may be a complicated task, but we see this bill as an essential part of the solution. This bill would effectively limit annual rent increases for rent-stabilized units to amounts matching the Voluntary Rent Guidelines (VRG) or 3% annually, whichever is lower. While many local landlords follow the VRG's established in 1983, some do not, and those who don't follow it place low-income, working families in situations of extreme uncertainty regarding their housing costs. This uncertainty is particularly burdensome for that group of Maryland renters (roughly 26%) who must spend more than half their monthly income on housing costs, including heat and utilities. Such families cannot afford to be in situations where landlords are continually raising rents well-above annual inflation rates.

The H.O.M.E. Act would provide much needed predictability to tenants and a 3% cap is in line with the standards the county has had for the past few decades. It would also match the actions being undertaken in neighboring Prince George's County, which is now passing a similar law. We also believe the H.O.M.E. Act contains sufficient provisions that are also fair to landlords.

Therefore, we urge the County Council to support the H.O.M.E. Act.

Dear Councilmember Mink and Councilmember Jawando

350 Montgomery County strongly endorses the H.O.M.E. Act (Housing Opportunity, Mobility, and Equity). Since the expiration of temporary rental protections there has been nearly a ten-fold increase in evictions. It is imperative that the County support strong renter protections to prevent rent gouging, reduce displacement, and create cost predictability for renters and landlords in the County. While capping rent hikes, the HOME Act responds to the need to build additional units through effective incentives for new properties, as well as upgrades.

350 Montgomery County is a leader in the climate justice movement in Montgomery County. The connection between stable rents and climate is unequivocal. The most obvious is that affordable housing allows residents to live closer to their jobs, reducing transportation costs and offering employers a more reliable workforce. But as communities across the country are experiencing, the high cost of housing leads directly to an increase in homelessness, creating a on local budgets. Additionally, homeless people are particularly vulnerable to extreme climate events.

We urge the Council to pass the HOME Act in its current form.

The 350 Montgomery County Steering Committee

James L (Jim) McGee
Steering Committee / 350 MoCo
202-256-9594

Montgomery County DSA
Contact: Olivia Delaplaine
montgomerycountydsa@gmail.com

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

Montgomery County DSA strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act., and we thank Councilmembers Jawando and Mink for introducing this legislation.

The Montgomery County, MD branch of Metro DC DSA organizes to build local democracy, fight for tax justice and against austerity, demand rent control and sustainable housing, fight fascism, and build solidarity here and abroad. We have 629 dues paying members from across the county spanning from high school students to retirees, with a mix of tenants, homeowners, other residents and even landlords. Through consistent door-to-door outreach in working-class neighborhoods across the county, we have knocked on close to 2,000 doors and found near universal support for limiting rent increases to 3% or lower. Renters were enthusiastic to share their stories with members of the council through letters, videos and direct face-to-face conversations with council members. What we have heard repeatedly from renters is that they urgently need the HOME Act to pass to prevent displacement and guarantee stability.

Renters are already being displaced: A large number of residents are already being immediately and severely harmed by rent increases, even those that are 3-15%. About 40% of renter households in the county are cost-burdened, spending more than 35% of their income on housing. In our outreach, renters consistently share that they can hardly afford the rent as it is now, let alone an increase of $75, 100 or more a month. One of our organization's leaders, Tim, a longtime county resident, received an increase of 13% just after the emergency rental protections expired in 2022—what amounted to $180 more a month—and ended up moving out of the county in search of more affordable housing.

Renters need stability, and it's not a tall lift: A 3% cap is in line with the voluntary rent guidelines the County has held for decades and provides much needed predictability to tenants. We have many members who are young people in school, parents starting families, or seniors moving to retire on a fixed income. For all of those members, knowing that their rent won't increase more than, say $45 a month on a $1500 lease, or $75 a month on a $2500 a lease is crucial when it comes to planning their futures and deciding whether they can stay in the county or not.

Other forms of aid are not enough: our shelters are at capacity, federal rental assistance is over, the state has shown no guarantees of moving to continue to fund rental assistance, pandemic SNAP assistance is ending, and the pandemic and economic crisis is ongoing. Failing to limit rent increases to 3%, relying only on new construction or the prospect of new rental assistance would essentially subsidize landlord and developer gouging to ensure developer profits.

Montgomery County DSA
Contact: Olivia Delaplaine
montgomerycountydsa@gmail.com

The HOME act will bring us in line with the region: Prince George's County just passed a rent stabilization bill with the support of their county executive that would limit rent increases to 3%, and the City of Mount Rainier just did as well.

We need the HOME Act Now to prevent displacement and ensure stability for tenants all across the county. ***We urge the County Council to support the HOME Act.***

Montgomery County Council
100 Maryland Avenue
Rockville MD 20850

March 7, 2023

Dear Montgomery County Council Members:

The Montgomery County Racial Equity (MORE) Network appreciates that the previous County Council passed and extended emergency rent stabilization during the height of COVID to protect tenants during difficult times. **The MORE Network urges this Council to make rent stabilization permanent by passing Bill 16-23, the Housing Opportunity, Mobility, and Equity (HOME) Act**.

According to the Racial Equity and Social Justice Impact Statement for the previous Bill 30-21, "Low-wealth and low-income households have been negatively impacted by the financial burdens associated with the pandemic. These households lacking access to affordable and safe housing, also known as secure housing, are also at greater risk of experiencing evictions and homelessness. Many of these households who are disproportionately Black and Latinx in Montgomery County were at risk for evictions and homelessness prior to the pandemic."

The fact that Black and Latinx renters experience acute housing insecurity is backed by data:

- Among renter households in 2019, rent-burden (expending 30 percent or more of income on rent) was experienced among 66 percent of Latinx renters and 60 percent of Black renters compared to 40 percent of White renters and 33 percent of Asian renters.[1]
- Among COVID Relief Rental Program clients (approved as of April 4, 2021), 43 percent were Black and 37 percent were Latinx while 9 percent were White and 3 percent were Asian or Pacific Islander.[2]
- Among families experiencing homelessness in 2020, 78 percent were Black, 15 percent were White, 9 percent were Latinx, and 2 percent were Asian.[3]

Several community organizations from our coalition have shared stories about residents who have already been pushed out of Montgomery County and forced to move to different parts of Maryland. Displacement cannot be the solution. We look to the Council to address displacement with a package of solutions, including direct rental assistance, funding affordable housing, and creating a permanent rent stabilization policy with an annual rate that caps at 3%, to ensure that community members are not forced out of their homes because of rising costs.

[1] Racial Equity and Social Justice (RESJ) Impact Statement for Expediated Bill 30-21
https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2021/Bill30-21RESJ.pdf
[2] Ibid.
[3] Ibid.

We must remember that housing and food are foundational to our well-being, and deficits in these areas have a profound impact on the physical and mental health of residents. Also, the high cost of living exacerbates already overcrowded housing conditions, which exposes residents to additional health concerns and high levels of stress.

We urge the Council to fulfill their public commitment to racial equity and social justice by taking action for tenants and for families and supporting the HOME Act.

Our Revolution Montgomery County
4220 Franklin St.
Kensington, MD 20895
Contact: Kat Uy
kat@ourrevolutionmd.com

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Vice President Friedson, and members of the County Council,

Our Revolution Montgomery County strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act.

First, we would like to extend our thanks to Councilmembers Jawando and Mink for introducing this critical bill. As you may know, Bernie Sanders launched Our Revolution, America's leading grassroots-funded progressive political organizing group, to empower everyday Americans to stand up to the corporate interests that seek to manipulate our government for personal gain. We at Our Revolution Montgomery County have worked to establish our county as a laboratory for progressive policies and evidence-based, common-sense government that responds to the needs of its residents rather than a few businesses that make large political contributions. We have three hundred members who have helped to elect progressive leaders in Montgomery County, support legislation that helps protect working families like a higher minimum wage, protection of immigrants, police reform, investment in mass transit projects, affordable housing, and legislation to lessen our reliance on fossil fuels. The members of Our Revolution Montgomery County believe that when we organize, we win. And the proof is in how many of our progressive endorsed candidates managed to be elected in the last two election cycles.

Because of our strong support for working families, and our concern for the pernicious effects of wealth inequality, we strongly support the HOME Act. Capping rent increases at 3% will allow many families to continue to work and live in our county instead of being displaced. Many families continue to struggle in the current economy, and allowing unfettered rent increases will price them out of their current dwellings and ultimately out of the county entirely. Displacing these families hurts the entire community. Less workers hurt services to county residents. Many of the very people who work in the service industry like hospitality, home health care workers, and retail are the very renters that will be severely impacted by unaffordable rent increases. The passage of this bill will keep families in their homes and working in our county, which ultimately benefits all residents.

Fearmongering that enacting rent stabilization will push development elsewhere is no longer tenable. The Prince George's County Council has just passed a similar measure, enacting a 3% cap on rent increase for rental properties in that County, as they move towards a permanent rent stabilization rule. Montgomery County has been justifiably proud as a leader in enacting progressive policies, and our leaders have pulled surrounding counties with them, such as the minimum wage increase that raised wages across the capital region. We are now lagging behind the District of Columbia and Prince George's County in protecting the interests of the large numbers of residents who need affordable rental housing to stay in the region. We must act to prevent the loss of many of the people who make Montgomery County the vital, incredibly diverse community which is recognized each year in surveys of the most diverse communities in the country.

We urge the County Council to support the HOME Act.

Kat Uy
(Chair of Our Revolution Montgomery County MD)

Progressive Maryland
9221 Hampton Overlook
Capitol Heights, MD 20743
Contact: Max Socol
max@progressivemaryland.org

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

Progressive Maryland strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act. We thank Councilmembers Jawando and Mink for introducing this vital legislation.

Progressive Maryland is a grassroots nonprofit organization with regional chapters from Frederick to the Lower Shore and more than 10,000 members and supporters in Montgomery County. In addition, there are dozens of affiliated community, faith, and labor organizations across the state that stand behind our work. Our mission is to improve the lives of working families in Maryland.

This Council has taken several temporary actions over the years to prevent a tidal wave of displacement. Working class, predominantly Black and brown residents of Montgomery County, have deep family and social ties to this county; they frequently do the hard work that makes this county a great place to live. Yet they face immense and inequitable financial burdens that increasingly threaten their ability to maintain decent homes here.

The problem of rapidly rising housing costs is a nationwide challenge, but the solution will be local and is yours to choose. We urge you to follow the leadership of our regional neighbors in Prince George's and pass the HOME Act, which sets a reasonable rate of increase on rents at 3% that protects essential workers and their families, and prevents price gouging. A higher rate cap will not meaningfully prevent displacement, and may even incentivize rents to go up more quickly than they did before.

We are counting on you to recognize the long term implications of relying entirely on rental assistance funds to keep people in their homes, when these funds are frequently inaccessible, slow to be disbursed, and incentivize further rent inflation.

Max Socol
On behalf of Progressive Maryland

Letter of Support

Dear Council Members,

My name is Rafael Lacayo. I am a Montgomery County resident of 20 years. I am a Rockville resident. I am undocumented. I am an essential Worker. And I'm writing this letter to support the HOME Act. I want it, not because I need to thrive in this county.

Thanks to the Rent Stabilization, I have found stability in this county for the past two and a half years. However, I fear I will be forced to move elsewhere without the protection. My landlord increased my rent by 7.5%! For me, this has brought a lot of financial strain and instability.

If my landlord decides to increase the rent by more than 5 % next year, I will automatically be displaced because Montgomery County has no affordable housing. Therefore, I support the HOME Act because it keeps vulnerable renters like myself housed.

I thank you for your willingness to hear our concerns and for taking action by introducing a bill that will help protect renters.

Sincerely,

Rafael Lacayo.



SEIU Local 500

901 Russell Avenue, Suite 300, Gaithersburg, MD 20879

March 2nd, 2023

RE: Housing Opportunity, Mobility, and Equity Act (HOME Act)

Support

Council President Glass, Council Vice President Friedson, and members of the County Council,

SEIU Local 500 strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act. With over 20 thousand members, most working in Montgomery County, our union urges you to consider the consequences of not making rent stabilization a permanent fixture of what it means to live in this county.

Thank you to Councilmembers Will Jawando and Kristin Mink for their leadership on this issue. Our members work very hard providing care for those in Montgomery County from cradle to career. Whether a childcare provider ensuring kids are prepared for school, an education support professional assisting in the classroom, or a college professor preparing one for a career, a Local 500 member will have a role to play in the development of those in this county. And, yet for many of our members the rising cost of rent is making so that one cannot live in the same county they work. In many cases, just a 5% increase in rent each year results in thousands of additional dollars our working families cannot afford. Families face hard choices resulting in forgoing little league sports, prom, or even hot lunches for their children. And, in the worst cases, families forgo living in this beautiful county.

The goals and objectives of this bill are clear. And, by capping annual rent increases at 3%, we can continue to ensure that our hard working members can continue to provide excellent service and live in Montgomery County.

Thank you for your kind consideration and we ask that this council support the passage of the HOME Act.

Christopher C. Cano, MPA
Coordinator for Member Political Engagement
SEIU Local 500

Shane Wade
Silver Spring, MD

Please Pass the HOME Act to Help Address Our County's Major Disparities

Dear Montgomery County Council members,

My name is Shane Wade and I live outside Downtown Silver Spring, in District 4.This past year, my rent increased by 6.8%, from around $1400 to $1550. My rent went up, but I have not and continue to not get my money's worth from my residence. There are cockroaches in the building, and poor gym maintenance in my residence. Though this rent increase may seem minor, I have had to as a result cut back on heating my apartment, and I am frustrated that despite paying more money to live in the same place, I have had to waste time and money finding alternative gym amenities much farther away from where I live.

The combination of building neglect and threats of continuous rent increases year after year means that I am seriously thinking of moving, and moving outside of Montgomery County, even though it would mean uprooting my life and disrupting the community I've built in Montgomery County.

I ask you to please support the Housing Opportunity, Mobility, and Equity Act to stabilize rents at a maximum of 3% and address the dystopian conditions I see in the lives of my neighbors in the county: it is clear that those who can afford rent increases are able to thrive, but anyone who can't afford rents as they are now – much less rents any higher than what they are now – are struggling considerably.

Thank you for considering my testimony.

March 6, 2023

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

Shepherd's Table strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act. We want to thank Councilmembers Jawando and Mink for introducing this legislation.

Shepherd's Table is a social services nonprofit in Downtown Silver Spring that provides delicious and nutritious daily meals and other resources such as case management, clothing, and vision care. We aim to improve quality of life, create a pathway towards self-sufficiency, and inspire hope for the most vulnerable in our community. In 2022 we served 136,234 meals to folks experiencing food insecurity, many of whom also experience housing insecurity.

Our organization supports the HOME Act because strong tenant protections are vital to ending and preventing homelessness. Housing stability and security are essential, and making sure people know they won't be suddenly priced out of their homes is one way that we can protect our lowest-income renters. With fewer evictions or sudden residential moves due to the inability to pay heightened rents, this legislation could aid the county in its goal of ending homelessness by 2025.

Maryland already has a shortage of affordable housing, and allowing landlords to continue raising rents will amplify this problem. **We believe that the HOME Act is a form of homelessness prevention, and therefore we urge the County Council to support the HOME Act.** If you have any questions, please reach out!

Sincerely,

Brenna Olson, Advocacy Coordinator
bolson@shepherdstable.org
(301)585-6463x219

Sunrise Movement Silver Spring
Contact: Naeem Alam
sunrisesilverspring@gmail.com

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the Council,

Sunrise Movement Silver Spring unequivocally supports the passage of the Housing Opportunity, Mobility, and Equity (HOME) Act, and we are very grateful to Councilmembers Jawando and Mink for introducing this bill.

We are the movement of young people that brought the Green New Deal to the national stage. It is a vision of the future where we transition our economy from fossil fuels to renewable energy and create millions of good-paying jobs in the process. This means expanded transit, wide-spread electrification, and many, many units of sustainable housing. But the question is, who really benefits?

We want a Montgomery County that is environmentally sustainable, but it must also be economically sustainable. We want expanded mass transit, but not the skyrocketing rents that come with it. We want clean air, but not for our community members to be displaced before they can enjoy it. We want sustainable housing, but not for our community members to be priced out of it. We have all been affected by steep rent increases: Some of us have had to double up with family. Others of us have had to sacrifice essential services like healthcare. All of us have felt both the immediate financial instability and the lasting emotional instability that this creates for youth, who are often moved from location to location or caught in the crossfire of conflicts arising from housing insecurity.

That is why the HOME Act is so important: by limiting rent increases in Montgomery County to 3%, this bill will safeguard both the financial health and emotional health of young people in this county by eliminating the downward spiral caused by eviction for thousands of families. It will also open up endless possibilities for expanded transit and green construction without the fear of rising rents and displacement, so that we can be a model for what a just Green New Deal can truly be.

So that residents young and old may have the secure future that they deserve, we urge the County Council to support the HOME Act to create a county that works for all of us.

Sincerely,
Sunrise Movement Silver Spring

Tiffany Kelly
Gaithersburg, MD
772.708.4759
Mstkelly35@gmail.com

Letter In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

We either want stable communities or we don't.

We will do the right thing, or we won't.

Montgomery County spends a lot of time and money to show itself to be a leader on equity. We have forums, townhalls, and information that states what the issues are.

Time and time again, County leadership makes decisions that result in more and more of the same; the most vulnerable, historically marginalized and disadvantaged are left out.

Time and time again, we get more bad policy that continues along the trajectory of widening the chasm between the Haves and Have Nots.

To be frank, the Haves run Montgomery County and the County continues to act in their best interests. That is clear with the bill that is being introduced that calls an 8% increase plus CPI "Rent Stabilization."

That bill a landlord's dream—and to call it Rent Stabilization is a lie.

We must support the passage of the Housing Opportunity, Mobility, and Equity Act—true Rent Stabilization. Thank you to CMs Jawando and Mink for introducing this bill.

As a landlord, and as a community advocate, this is just the right thing to do, if we truly want to have an opportunity for this county to be what it says it is—a place where everyone can live and thrive. We cannot and should not rely on the moral compass of people to do the right thing. From child labor to ethical practices in every industry, we have had to define what that looks like.

If poorly designed policy is put into place, there is no mechanism to fully undo the damage it will cause in the lives of our residents. We cannot afford nor sustain the short-term impacts nor the long-term

damage this will have on the lives of people and their children as they are forced to make decisions on meeting basic needs versus things like college, retirement and their futures.

We must look at the impacts today and at the long haul. This bill is damaging prospects of the most vulnerable, but also other professionals, like our educators.

Let's do the right thing, for once. Pass the **Home Opportunity, Mobility, and Equity Act.** Let's become the county we say we are.

Gino Renne, *President*
Lisa Blackwell-Brown, *Secretary-Treasurer*
Lisa Titus, Recorder

UFCW Local 1994 MCGEO
600 S. Frederick Avenue, Suite 200
Gaithersburg, Maryland 20877
Office (301) 977-2447 ● Fax (301) 977-6752

In Support of the Home Opportunity, Mobility, and Equity Act

Dear Council President Glass, Council Vice President Friedson, and members of the County Council,

UFCW Local 1994 MCGEO urges the Council to pass the HOME Act to stabilize rents in Montgomery County.

Local 1994 MCGEO represents 8,000 members in Maryland. Our members are nurses, bus drivers, 911 dispatchers and librarians and more. They keep our County running and help to make it such a great place to raise a family. But despite good union jobs, many of them cannot afford to live in the County that they serve.

Every year more and more of members are forced to move to Frederick County or Prince George's County (which recently passed a rent stabilization bill), or even further afield. Those that remain see their spending power eroded by increases in rent and wonder how long they can hold on.

Inflation and rising interest rates have made rent stabilization incredibly important. Even if wage growth throughout the area keeps pace with inflation, there is no cap on rent increases to allow renters to get ahead.

This bill is critical. 40% of Montgomery County residents are renters. And with the average rent over $2,200, 23% of County residents are paying more than half their incomes in rent. This bill will stabilize these increases and give our members, and the residents that we serve, the predictability that they need.

Given that Prince George's County just passed a rent stabilization measure capping rent increases at 3%, we think the HOME Act is a reasonable approach to steadying Montgomery County rents.

We urge the County Council to pass the HOME Act.

Sincerely,

Amy Millar
Special Assistant to the President
UFCW Local 1994 MCGEO

Vice Presidents: *Melba Chavarria ● Thomas Coulter ● Joseph Dickson ● Audra Dugue ● Cassandra Harper*
Paulette Kee-Dudley ● Louis Rosen ● James Rowe ● Kevin Smith ● John Smoak ● Michael Trigiani ● Gilberto Zelaya

Fiscal Impact Statement

Office of Management and Budget

Executive Regulation 16-23	Landlord-Tenant Relations - Rent Stabilization (The HOME Act)
Regulation Summary	Bill 16-23 sets an annual maximum rent increase for rental housing in Montgomery County equivalent to 3% or the residential rental component of the Consumer Price Index (CPI) for the local Washington-Arlington-Alexandria area, whichever is lower. A regulated rental unit under the bill would be permitted to raise rent by an allowable increase once per year. All landlords would be required to submit annual rent reports to the Department of Housing and Community (DHCA). The bill provides for an exemption where if the rental unit becomes vacant, the landlord would be permitted to "bank" the allowable increase and apply it to a future year. The bill would establish an excise tax for vacant rental units, and all revenues will be deposited to the Montgomery Housing Initiative Fund as established under Section 25B-9.
Fiscal Impact Summary	In FY24, expenditures increase by $1.3 million, and revenues increase by $23,500 for a net impact of $1.28 million. First year costs represent personnel costs of $747,000 and operating expenses of $560,540. Beginning in FY25 and beyond, expenditures increase by approximately $1.13 million each year, and revenues increase by approximately $26,900 in FY26 escalating annually until it reaches approximately $33,000 by FY29. The bill would also require an additional 9.0 FTEs to implement beginning in FY24.

Fiscal Year	24	25	26	27	28	29	Total
Personnel Costs	$747,311	$1,046,236	$1,098,548	$1,153,475	$1,211,149	$1,271,706	$6,528,425
Operating Expenses	$560,540	$87,983	$90,622	$93,341	$96,141	$99,025	$1,027,652
Total Expenditures	**$1,307,851**	**$1,134,219**	**$1,189,170**	**$1,246,816**	**$1,307,290**	**$1,370,731**	**$7,556,077**
Revenues	**$23,500**	**$25,145**	**$26,905**	**$28,789**	**$30,804**	**$32,960**	**$168,103**
Total Impact	**($1,284,351)**	**($1,109,074)**	**($1,162,265)**	**($1,218,027)**	**($1,276,486)**	**($1,337,771)**	**($7,387,974)**
FTE	9.00	9.00	9.00	9.00	9.00	9.00	

Fiscal Impact Analysis

To implement the bill, DHCA advises that it would need to create a new Rent Stabilization Office. Staff would review and manage annual rent reports and compliance with the newly proposed rent increase guidelines; manage exemption applications, tenant complaints, the vacancy tax, the fair return petition and appeal process; conduct community outreach; respond to service inquiries; and investigate and enforce remedies for noncompliance Based on the assumed workload, this new Office would require 9.0 FTEs as shown in the chart below:

Position	Grade	FTEs	Annualized Personnel Costs
Program Specialist II	G21	4.00	$400,600
Administrative Specialist III	G23	1.00	$107,700
Program Manager I	G23	1.00	$107,700
Investigator III	G25	1.00	$116,015
Sr. IT Specialist III	G28	1.00	$129,900
Manager III	MIII	1.00	$134,500
Total PC		**9.00**	**$996,415**

The FY24 personnel costs for these positions are estimated at $747,311, assuming a start date of October 2023.
FY24 operating expenses are estimated to total $560,540, including one-time expenses of $470,770 and annualized expenses of $85,428 as follows.
The associated operating expenses to support the required personnel complement are approximately $46,620, including one-time costs of $40,770 in FY24 and $5,850 annually. Additionally, DHCA would need to develop an anti-gauging protections website and case management system. Based on previous experience developing websites and case management systems, the total estimated costs in the first year could be $172,850, which includes initial start-up costs of $169,350 plus an ongoing annual cost of $3,500 to provide technical support and required maintenance. DHCA would also need to develop an online portal for landlords to report the mandated rent increase data at a one-time cost of $265,000. Annual operating expenses for the office are estimated to total $76,070 for office operating expenses.
Annual revenues are expected to be $23,500 in FY24 from the issuance and collection of Class A citations. Based on the 7% average annual growth rate of multifamily buildings in Montgomery County over the past five years, coupled with an estimated 7% steady rate of citations, a total of approximately $168,102 will be collected over the next six fiscal year.

Staff Impact	Implementing the bill will require the creation of a new Rent Stabilization Office as the existing personnel complement of the Department would not be able to absorb the workload. The new Rent Stabilization Office will need at least nine new full-time employees among various job classifications for which the estimated annualized personnel costs total $996,415.
Actuarial Analysis	The regulation is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	While the bill will require the department to establish a robust database and online platform and tracking system, it is not expected to impact the County's Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The regulation does not authorize future spending.
Contributors	Scott Bruton, Mary Gentry, Nicolle Katrivanos, and Pofen Salem, Department of Housing and Community Affairs Anita Aryeetey, Office of Management and Budget

Economic Impact Statement

Montgomery County, Maryland

Bill 16-23 Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 16-23 would have a moderate to large net negative impact on economic conditions in the County in terms of the Council's priority indicators. The Bill would establish a rent stabilization policy that would prohibit annual rent increases either above 3 percent or, if lower, the rental component of the Consumer Price Index (CPI) for certain rental units. Based on a review of peer-reviewed economic studies on rent stabilization, OLO concludes the Bill likely would significantly reduce rents for certain tenants of rent-regulated units. Certain property owners and managers likely would respond by decreasing operating expenses, or removing properties from the rental market (i.e., through condo conversion). Based on their relative economic multiplier effects, reduced landlord spending likely would yield economic costs that exceed the economic benefits of increased household spending (holding all else equal). Moreover, extending the rent stabilization policy may moderate certain residential property values and/or decrease the County's competitiveness in the rental housing market relative to jurisdictions in Northern Virginia that lack rent stabilization policies.

BACKGROUND AND PURPOSE OF BILL 16-23

Rent regulation policies generally establish how much landlords can increase rents each year. Across the U.S., two states and nearly 200 municipalities regulate their rental market.[1] As explained in the "Minneapolis Rent Stabilization Study:"

> "The details and implementation of rent regulations vary based on jurisdictional goals. Broadly, these goals include protecting tenants from excessive rent increases, alleviating the affordable housing crisis, preserving existing affordable housing, providing housing habitability and security of tenure for renters, maintaining economic and racial diversity, and preventing real estate speculation."[2]

The intent of Bill 16-23, the Housing Opportunity, Mobility, and Equity (HOME) Act, according to its sponsors, is to help "keep renters in their homes by preventing rent gouging, reducing displacement, and creating cost predictability for renters and landlords."[3] If enacted, Bill 16-23 would:[4]

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[1] Edward G. Goetz, et. al., Minneapolis Rent Stabilization Study, University of Minnesota Center for Urban and Regional Affairs, 2021. https://www.cura.umn.edu/sites/cura.umn.edu/files/2021-08/Minneapolis-Rent-Stabilization-Study-web.pdf

[2] Ibid.

[3] "Councilmember Will Jawando, Councilmember Kristin Mink, and County Executive Marc Elrich Spearhead the Housing Opportunity, Mobility and Equity (HOME) Act," Press Release, Montgomery County Council, March 2, 2023. https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=42957&Dept=1

[4] Introduction Staff Report for Bill 16-23, Montgomery County Council, March 7, 2023. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230307/20230307_1B.pdf

- **Establish an annual maximum rent increase for rental housing.** The maximum rent increase would be up to 3 percent or the rental component of the Consumer Price Index (CPI), whichever is lower. The increase could only occur once within a 12-month period with the landlord providing at least a 90-day notice before increasing the rent.
- **Provide exemptions for certain buildings from rent stabilization requirements,** including newly constructed units for ten years, accessory dwelling units, certain owner-occupied properties, certain moderately priced dwelling units in buildings, health facilities, religious and non-profit organizations, and licensed facilities.
- **Permit a landlord to submit a petition for a rent increase to obtain a fair return.** If a petition is granted, the landlord would have to provide the tenant a 90-day notice before increasing the rent. If a petition is denied, the landlord would have the right to appeal the decision to the Commission on Landlord-Tenant Affairs.
- **Establish an excise tax for vacant rental units.** An owner of rental property with two or more units and determined as vacant for more than 12 months would be subject to an excise tax of $500 per year per unit subject to interest and penalties. Funds collected through the tax could be used only for the acquisition of affordable housing and the administration of the Bill. The tax would take effect one year after the Bill is enacted.
- **Limit on rent increases for vacant units.** If a vacant unit returns to the market for rent, the new rental amount may include the allowable annual rent increase for each year the unit was vacant but cannot exceed 30 percent of the base rent amount paid by the prior tenant. However, the landlord may not reset the rent for the next tenant in an amount higher than the base rent paid by the previous tenant if a tenancy is terminated "for a reason not provided for in the lease or during the first year of a tenancy."

Bill 16-23 contains several other provisions, including, among others, reporting requirements and rent increase banking allowances for landlords, and administrative requirements for DHCA. The Bill would be enforced by DHCA.

Bill 16-23, Landlord-Tenant Relations – Rent Stabilization, was introduced by the Council on March 7, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 16-23 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[5] To do so, OLO does the following in this analysis:

Reviews the econometric literature on rent regulations. To understand the economic impacts of rent regulations, this analysis presents findings from Gibb, et al (2022) and Paster, et al's (2018) literature reviews of peer-reviewed economic studies on the topic. These reviews were identified using the Google Scholar database.

This analysis also draws on OLO's findings in previous Economic Impact Statements, namely for Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases, Expedited Bill 30-21, Landlord-Tenant Relations – Restrictions

[5] Montgomery County Code, Sec. 2-81B.

During Emergencies – Extended Limitations Against Rent Increases and Late Fees, and Bill 52-20, Landlord-Tenant Relations – Protection Against Rent Gouging Near Transit.

Draws on the above evidentiary sources to infer the likely impacts of the Bill on economic stakeholders and conditions. Among residents, the stakeholders include:

- Tenants of regulated units;
- Tenants of non-regulated units; and
- homeowners and buyers.

Among private organizations, the stakeholders include:

- landlords;
- building service providers;
- residential remodelers; and
- other businesses.

The primary assumption made in this analysis is that current and future market conditions would support annual rent increases above 3 percent or the rental component of the CPI for certain rental units. Importantly, data limitations and uncertainties prevent OLO from estimating the percentage of total rental units that, both, would be regulated under the change in law and would experience rent increases above this threshold.

VARIABLES

Some of the variables that would affect the economic impacts of enacting Bill 16-23 are the following:

- total annual rent revenues;
- total household income;
- residential property values; and
- building services expenses.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Economics of Rent Regulation

Importantly, empirical studies in the economics literature indicate that the economic impacts of rent regulations are partly contingent on the policy and regulatory details of specific rent regulations as well as local housing market conditions and trajectories. For this reason, Gibbs, et al (2022) caution policymakers against "drawing far-reaching conclusions from one case study, city, country or time period." They recommend jurisdictions develop the data and operational monitoring capacity required to conduct ongoing empirical evaluations of how the local rental housing market is functioning after the implementation of specific rent regulations.

Notwithstanding the importance of policy/regulatory details and local market conditions, Gibb, et al (2022) and Paster, et al (2018)'s reviews of economic studies on the impact of rent regulations point to several observations:

- **Rent regulations generally improve affordability for tenants in rent-regulated units, particularly for long-term tenants who move into their units around the time when regulations are established**. Rent regulations have been shown to decrease rents for lower-income tenants and those in social groups with relatively greater economic needs (e.g., elderly, people of color, and single parents). However, as a universal program, rent regulations also reduce rents for middle- and upper-income tenants who can afford rent increases. Therefore, economists generally see them as inefficient in targeting tenants with greater needs.
- **Rent regulations may have mixed impacts on affordability for tenants in non-regulated units**. Some studies have found rent regulations can slightly lower rents in non-regulated units. This effect may be due to declining building/unit quality from lower maintenance, decreasing appeal to higher-income renters or other factors. In contrast, other studies find rent regulations may increase rents for tenants in decontrolled units.
- **Rent regulations may increase maintenance problems.** To compensate for lower rental income, rent regulations can reduce landlord incentives to maintain units. This negative side-effect of rent regulations likely is more common in jurisdictions that do not permit rent increases contingent on quality improvements and/or lack stringent code enforcement.
- **Rent regulations, particularly those lacking limitations on condo conversions, can reduce the supply of existing rental housing through conversion and market removal**. Rent regulations impact the *existing rental stock* by incentivizing landlords to remove rent-regulated units from the market. This is typically done in several ways—owners convert rentals to condos, sell the property, or move into the property. While rent regulations can reduce the supply of existing rental units, there is limited evidence they impact *new housing construction*. This is especially the case in jurisdictions that exempt new construction from any price controls and include vacancy decontrol.
- **Rent regulations decrease tenant mobility**. On the one hand, decreased mobility can improve housing stability when rent regulations prevent tenant displacement due to sharp rent hikes. On the other hand, decreased mobility can discourage tenants from: (a) moving into units that are closer to work, better accommodate changes to family size, etc.;, (b) purchasing homes, or; (c) finding employment outside the local labor market.
- **Rent regulations lacking vacancy controls can increase the risk of eviction for tenants.** Without vacancy controls, landlords have an incentive to remove tenants and re-rent units at market rate. Using a quasi-experimental methodology,[6] Gardner (2022) examines the risk of eviction—measured as eviction filings—for tenants in controlled and uncontrolled units in San Francisco from 2007 to 2017. He finds that while eviction notices impacted a small share of total tenants, rent-controlled units were 2.4 times more likely than their uncontrolled counterparts to receive eviction notices on an annual per unit basis.

[6] The study uses a regression discontinuity design that leverages San Francisco's 1979 Rent Ordinance which stabilized rents in properties built in or before 1979, but not in properties built after.

The evidence on the economic impacts of removing rent regulations points to the following: Removing rent regulations **increases rental prices** in regulated and non-regulated units, **raises property values** in regulated and surrounding non-regulated residential properties, and **forces out certain lower-income tenants** who cannot afford higher rents.

Residents

Based on the econometric evidence reviewed above, OLO anticipates that Bill 16-23 likely would have an overall positive economic impact on residents in terms of the indicators prioritized by the Council.

Tenants of Regulated Units: The primary residents affected by the change in law would be tenants of rental units that would become regulated under policy change. By prohibiting annual rent increases either above 3 percent or, if lower, the rental component of the CPI for certain rental units, the Bill would decrease rents for residents who otherwise would experience rent increases above this threshold in the absence of the change in law. Holding all else equal, lower rents would significantly reduce nondiscretionary expenses, thereby increasing net household income for affected residents. Given the long-standing affordability crisis in rental housing in the County, lower rents would be particularly beneficial to cost-burdened and lower-income tenants.[7]

It is worth noting that the economics literature indicates rent regulations reduce tenant mobility, which could offset a portion of rent savings for certain tenants who otherwise would decrease commuting expenses, attain higher pay employment in other labor markets, or build home equity by renting elsewhere or purchasing a home. Given the limited scope of allowable rent increases (no more than 3 percent or, if lower, the rental component of the CPI for certain rental units) that would be permitted under the rent stabilization policy, OLO expects it would discourage tenant mobility in ways that could offset rent savings over the long-term for certain tenants.

In addition, OLO expects the Bill to prevent certain existing tenants who otherwise would be unable to afford rent hikes above 3 percent or, if lower, the rental component of the CPI for certain rental units from being displaced through eviction, non-renewal, or some other means. In these cases, the change in law may prevent tenants from incurring the various economic costs associated with housing instability—job loss, lost income, work disruptions, moving costs, legal fees, loss of possessions, etc.[8] Importantly, because the rent stabilization policy would limit rent increases for vacant units, some landlords would be prohibited from removing certain tenants to bring in new tenants subject to higher market rate rents who would otherwise do so in the absence of a vacancy control.

Tenants of Non-Regulated Units: As previously discussed, studies on rent regulations suggest Bill 16-23 may have mixed impacts on rents for tenants in units that would not be subject to the regulations. On the one hand, the policy may increase rents by exacerbating the lack of affordable rental housing in the County through condo conversion, etc. If so, lower rents would increase nondiscretionary expenses, thereby decreasing net household income for affected residents (holding all else equal).

On the other hand, the policy could decrease rents through building/unit quality decline, residential sorting, etc. Because the rent stabilization policy would permit a "petition for fair return" rent increases, the Bill may mitigate this effect. However, it should be noted that depending on how well the ceiling on the petition for fair return captures the upper end

[7] Montgomeryplanning.org, Rental Housing Study.
[8] Bryant, et al, "Evictions in Montgomery County." For more on the costs of eviction, see the Eviction Lab.

of capital improvements and other year-to-year changes in operating expenses as well as the quality of County code enforcement, rental unit quality may still decline in quality, which could put downward pressure on rents.

Homeowners/buyers: The Bill also may affect certain homeowners and homebuyers. Based on the studies reviewed above, the rent stabilization policy could moderate property values for certain regulated and surrounding non-regulated properties. On the one hand, this effect may negatively impact certain residents who would sell their homes. On the other hand, reduced property values may benefit certain homebuyers, particularly first-time homebuyers.

Other residents: OLO expects certain owners and managers of rent-regulated properties would protect profit margins from lower rent revenues by reducing operating costs. Net household income may decrease for any residents who experience employment loss or work hour reduction because of these business decisions.

Beyond these potential impacts, OLO does not expect Bill 16-23 to meaningfully affect residents in terms of the Council's other priority indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Bill 16-23 would have an overall negative economic impact on private organizations in the County in terms of the Council's priority indicators.

Landlords: The primary businesses affected by the change in law would be landlords in the residential rental sub-sector. By prohibiting annual rent increases either above 3 percent or, if lower, the rental component of the CPI for certain rental units, certain landlords would lose rental revenues above this threshold they otherwise would collect in the absence of the change in law. Substantial losses in rental revenues would result in a net decrease in business income for affected landlords (holding all else equal).

To compensate for revenue loss and protect profit margins, certain landlords likely would reduce their operating costs associated with various building services. Owners and managers of highly profitable rental properties may be able to absorb revenue loss without significantly reducing operating costs. However, owners and managers of properties with tight profit margins likely would reduce expenses. While a thorough assessment of the profitability of the residential rental sub-sector is beyond the scope of this analysis, OLO suspects small rental properties would be hardest hit by revenue loss.

In addition, landlords who would be subject to the excise tax for leaving vacant two or more rental units for more than 12 months would experience minor increases in operating costs.

Other Businesses: Extending the rent stabilization policy likely would have mixed impacts on other business groups. On the one hand, certain *building service providers* likely would experience net decreases in business income from property owners and managers reducing building services for rental properties/units in response to the rent stabilization extension. On the other hand, certain *residential remodelers* may gain business income through condo conversions. Moreover, lowering rents would increase household spending for certain tenants in rent-regulated units and, thus, result in additional revenue for certain *retail and other businesses*.

While the Bill may affect other private organizations in terms of the Council's priority indicators, it is beyond the scope of this analysis to identify all potential impacts.

Net Impact

As illustrated above, establishing the rent stabilization policy would have conflicting impacts on various residents and business stakeholders. Quantifying the net effect of these impacts is not possible due to data and time limitations. Nevertheless, OLO anticipates that enacting Bill 16-23 would have a moderate to large negative economic impact on overall economic conditions in the County in terms of the Council's priority indicators.

First, as discussed in detail in previous Economic Impact Statements on previous rent stabilization Bills introduced by the Council, the total multiplier effect for the real estate industry is greater than the household sector (holding all else equal). The multiplier effect captures how changes in economic activity affect other rounds of spending, and how additional spending impacts certain economic indicators. To illustrate, an increase in household income may in turn increase demand for local restaurants, resulting in restaurant owners hiring more workers. Using the Regional Input-Output Modeling System (RIMS II) final-demand multipliers, OLO shows the negative impacts from, for instance, a $1,000 reduction in spending from the real estate industry are greater than the positive impacts from a $1,000 increase in household spending.

Second, enacting the Bill may reduce the County's competitiveness in the rental housing market relative to certain nearby jurisdictions, particularly those in Northern Virginia. There is no rent control in Virginia.[9] While the economic literature generally finds a lack of evidence that rent stabilization measures significantly reduce new housing construction, OLO believes it is worth noting the following: The peer-reviewed economic studies on rent stabilization in the U.S. are at the state- or -major city levels. OLO is unaware of a peer-reviewed study that focuses on a jurisdiction comparable to the County,[10] namely a jurisdiction outside a major metropolitan center in which neighboring jurisdictions have divergent rent and overall business regulatory environments. Moreover, it should be noted that establishing additional rent regulations may undermine the County's reputation for a "business friendly environment." Given the scale of capital improvement projects, the loss of just one major project would have meaningful economic implications.

DISCUSSION ITEMS

Given the variability in findings on the economic impacts of rent stabilization, Councilmembers may want to consider whether the County should develop the capacity to empirically monitor the program based on local market conditions.

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CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

AUTHOR

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Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 16-23: LANDLORD-TENANT RELATIONS – RENT STABILIZATION

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 16-23 will have a moderate to large positive impact on racial equity and social justice (RESJ) in the County. The proposed rent regulations would disproportionately benefit Black and Latinx tenants with improved housing affordability and stability. Further, the Bill systemically reinforces these benefits through establishing a permanent rent regulation program; creating new funding for affordable housing and the administration of the rent regulation program; and including provisions aimed at preventing tenant displacement.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

PURPOSE OF BILL 16-23

Rent regulation policies generally establish how much landlords can increase rents each year. Across the U.S., two states and nearly 200 municipalities regulate their rental market.[3] As explained in the "Minneapolis Rent Stabilization Study:"

> "The details and implementation of rent regulations vary based on jurisdictional goals. Broadly, these goals include protecting tenants from excessive rent increases, alleviating the affordable housing crisis, preserving existing affordable housing, providing housing habitability and security of tenure for renters, maintaining economic and racial diversity, and preventing real estate speculation."[4]

The intent of Bill 16-23, the Housing Opportunity, Mobility, and Equity (HOME) Act, according to its sponsors, is to help "keep renters in their homes by preventing rent gouging, reducing displacement, and creating cost predictability for renters and landlords."[5] If enacted, Bill 16-23 would:[6]

- **Establish an annual maximum rent increase for rental housing.** The maximum rent increase would be up to 3 percent or the rental component of the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Area, whichever is lower. The increase could only occur once within a 12-month period with the landlord providing at least a 90-day notice before increasing the rent.
- **Provide exemptions for certain buildings from rent stabilization requirements,** including newly constructed units for ten years, accessory dwelling units, certain owner-occupied properties, certain moderately priced dwelling units in buildings, health facilities, religious and non-profit organizations, and licensed facilities.

- **Permit a landlord to submit a petition for a rent increase to obtain a fair return.** If a petition is granted, the landlord would have to provide the tenant a 90-day notice before increasing the rent. If a petition is denied, the landlord would have the right to appeal the decision to the Commission on Landlord-Tenant Affairs.
- **Establish an excise tax for vacant rental units.** An owner of rental property with two or more units and determined as vacant for more than 12 months would be subject to an excise tax of $500 per year per unit subject to interest and penalties. Funds collected through the tax could be used only for the acquisition of affordable housing and administration of the Bill. The tax would take effect one year after the Bill is enacted.
- **Limit on rent increases for vacant units.** If a vacant unit returns to the market for rent, the new rental amount may include the allowable annual rent increase for each year the unit was vacant but cannot exceed 30 percent of the base rent amount paid by the prior tenant. However, the landlord may not reset the rent for the next tenant in an amount higher than the base rent paid by the previous tenant if a tenancy is terminated "for a reason not provided for in the lease or during the first year of a tenancy."

Bill 16-23 contains several other provisions, including, among others, reporting requirements and rent increase banking allowances for landlords and administrative requirements for the Department of Housing and Community Affairs (DHCA). The Bill would be enforced by DHCA.

Bill 16-23, Landlord-Tenant Relations – Rent Stabilization, was introduced by the Council on March 7, 2023.

In September 2021, OLO published a RESJIS for Expedited Bill 30-21, Landlord-Tenant Relations – Restrictions During Emergencies – Extended Limitations Against Rent Increases and Late Fees.[7] Please refer to this RESJIS for detailed background on racial segregation in housing and the racial wealth divide.

HOUSING INSECURITY AND RACIAL EQUITY

To understand the drivers of housing inequities by race and ethnicity, this statement describes the role of housing segregation in fostering housing inequities in the County and local data on housing security by race and ethnicity. The intent of this overview is to demonstrate that racial and ethnic disparities in housing security are neither natural nor random, but instead reflect the government's role in creating and maintaining racial and ethnic inequity in housing.

Racial Segregation in Housing. Segregation by race and ethnicity characterizes the housing market in the County, whereby White residents are concentrated in the most affluent communities. Specifically, in 2020:[8]

- White constituents accounted for 69 percent of District 1 constituents (Bethesda, Chevy Chase and Potomac) compared to 43 percent of County constituents. Approximately 6 in 10 District 1 households had incomes exceeding $150,000 compared to 1 in 10 households that had incomes of less than $50,000.
- Asian or Pacific Islander constituents accounted for 20 percent of District 3 constituents (Rockville and Gaithersburg) compared to 15 percent of County constituents. Approximately a third of District 3 households had incomes exceeding $150,000 compared to a quarter of households that had incomes of less than $50,000.
- Black constituents accounted for 38 percent of District 5 constituents (White Oak, Colesville and Burtonsville) compared to 18 percent of County constituents. About a quarter of District 5 households had incomes exceeding $150,000 compared to quarter of households that had incomes of less than $50,000.

- Latinx constituents accounted for 35 percent of District 6 constituents (Wheaton, Glenmont and Aspen Hill) compared to 20 percent of County constituents. About a quarter of District 6 households also had incomes exceeding $150,000 compared to less than a quarter of households that had incomes of less than $50,000.

While some attribute segregation in the housing market to personal preferences and differences in income and education by race and ethnicity, these explanations often ignore the role of systemic discrimination in driving preferences, income, and educational attainment, as well as housing segregation itself.[9] Moreover, defining housing segregation as a function of personal preferences ignores the role of government in creating segregated communities that begins with the origins of the nation.

Slavery, sharecropping, Jim Crow laws, and the Homestead Act were government policies designed to build wealth among White constituents by extracting resources from Black, Indigenous, and Other People of Color (BIPOC). Government policies reinforcing housing segregation continued with the New Deal as the Federal Housing Administration (FHA) created a platform for wealth in White neighborhoods through providing White residents and developers government subsidized financing to purchase or build homes in White-only enclaves.[10] For example, the Montgomery County Planning Department's Mapping Segregation Project found that White constituents received 400 of 409 Home Owners' Loan Corporation (HOLC) loans made while only 7 were received by Black constituents.[11]

Racial covenants attached to residential property and the redlining of neighborhoods predominantly occupied by people of color also fostered housing segregation.[12] For example, between 1902 and 1948, Silver Spring enacted more than 50 racially restrictive covenants that prohibited owning or renting "the whole or any part of any dwelling or structure thereon, to any person of African descent."[13] This included racially restrictive covenants attached to all suburban properties developed in the County by Colonel Edward Brooke Lee.[14] The GI Bill was also implemented in racially exclusionary ways that denied Black veterans loans and reinforced segregation.[15]

The growth of Montgomery County was driven by the suburbanization of the Washington Metropolitan region following White flight from Washington, D.C. Housing segregation within the County also reflects the migration of BIPOC families from D.C. to Prince George's County and to the eastern parts of the County, and subsequent White flight from those environs to the western parts of the County (e.g., Bethesda and Potomac). Moreover, given the value of investments in greenlined areas, the value of segregated White housing increased exponentially compared to housing in mixed and predominantly Black areas that were undervalued and underinvested in due to redlining.[16]

Today, racial discrimination in housing continues with predatory lending practices targeted to BIPOC communities (e.g. subprime loans);[17] racial and ethnic bias in the rental and real estate markets;[18] and the "implicitly racialized tax code" that favor asset holdings with lower tax rates over income earned, and mortgage holders over renters.[19] Montgomery County's 2015 analysis of the Impediments to Fair Housing Choice acknowledges that housing discrimination in the County on the basis of income source also persists, despite County law that makes such discrimination illegal.[20]

Data on Housing Insecurity. Local data demonstrates that Black and Latinx households in the County are especially housing insecure, reflective of the larger forces of housing segregation and the racial wealth divide. More specifically:

- In 2021, 63 percent of Latinx renters and 57 percent of Black renters were cost-burdened (expending 30 percent or more of income on rent), compared to 45 percent of White renters and 38 percent of Asian renters.[21]
- Among recent COVID-19 Rent Relief Program clients, 45 percent were Black and 23 percent were Latinx, while 8 percent were White and 2 percent were Asian or Pacific Islander.[22]

- Among single adults experiencing homelessness in 2021, 56 percent were Black, 33 percent were White, 5 percent were Native American, and 4 percent were Asian or Pacific Islander.[23]
- Among families experiencing homelessness in 2021, 84 percent were Black, 12 percent were White, and 3 percent were Native American.[24]

Local data on homeownership also confirms housing inequities by race and ethnicity. In 2021, 77 percent of White and 69 percent of Asian households in the County were owner-occupied, compared to 54 percent of Latinx households and 43 percent of Black households.[25]

EVIDENCE ON RENT REGULATIONS

Rent regulation is a highly debated issue. While some argue that rent regulations support housing affordability and stability, others argue they harm the housing market in ways that ultimately undermine these benefits.

To help unpack the veracity of these arguments, this RESJIS summarizes the research describing the advantages and disadvantages of rent regulations. This summary of empirical studies is based on a review of reports from researchers at the University of Minnesota (UM), the University of Southern California (USC) and other institutions.[26,27] Overall, OLO finds the research describing the advantages of rent regulations to be stronger and more consistent than the research describing the potential harms of rent regulation.

Advantages of Rent Regulation. There is strong evidence that rent regulations are effective in *supporting housing affordability and stability* for tenants in regulated units. Studies have overwhelmingly found that tenants in regulated units stay in their homes for longer than tenants in non-regulated units. Further, several studies have found that rent regulations disproportionately benefit BIPOC tenants. For example, a Stanford University study of rent regulations in San Francisco found the regulations had an especially large impact on preventing the displacement of Black and Latinx tenants.[28] As noted by the UM and USC researchers, housing stability has proven benefits across multiple facets of well-being, including physical, mental and emotional health, and educational achievement among children.

Disadvantages of Rent Regulation. There is weaker and more inconsistent evidence that rent regulations undermine housing affordability and stability in the long-term because they harm housing markets. A summary of the potential disadvantages of rent regulation noted in the research literature and empirical evidence follows.

Undermine financial stability of smaller landlords. Some stakeholders argue that rent regulations threaten the financial stability of small "mom-and-pop" landlords, however, few studies have explored this topic. Some studies have suggested that mom-and-pop landlords are more likely to charge lower rents and negotiate with tenants, implying they may be less impacted by moderate rent regulations.

Decrease in rental units and increase in rents. Some stakeholders argue that rent regulations undermine housing affordability for future renters by decreasing the supply of rental units. Research findings indicate that rent regulations do not negatively impact new housing construction, especially in jurisdictions where new buildings are exempt. Most studies have also found that rents in non-regulated units stayed the same or were lowered following rent regulations. However, rent regulations may incentivize landlords to remove regulated rental units from the market through condo conversions, redevelopment, or owner move-ins.

Displace tenants. Some stakeholders argue that rent regulations could undermine housing stability by creating incentives for landlords to evict tenants. This is of particular concern in jurisdictions where landlords are able to increase rents to market rate for new tenants after a unit is vacated (i.e., vacancy decontrol) or where landlords can more easily deregulate units through condo conversions, redevelopment, or owner move-ins. One study found that jurisdictions with vacancy decontrol were less affordable and disproportionately displaced Black tenants.[29] Jurisdictions commonly accompany rent regulation programs with "just-cause" eviction protections to limit the legal reasons for which a landlord can evict a tenant. State legislation allowing local jurisdictions to adopt just-cause eviction laws was introduced this year in the Maryland General Assembly.[30]

Decrease building maintenance and quality. Some stakeholders argue that rent regulations decrease the quality of regulated units by driving landlords to cut costs on maintenance. Evidence is mixed on how rent regulations affect maintenance and quality of regulated units. One study found this impact was largely dependent on the individual features of rent regulation programs.

Distribute benefits inequitably. Some stakeholders argue that the broad application of rent regulations leads to a greater benefit for wealthier households than lower-income households. Evidence is mixed on how the benefits of rent regulations are distributed. While some studies have found that higher-income tenants receive a greater benefit, others have found that lower-income and BIPOC tenants benefit overwhelmingly. Some propose that targeted rental subsidy programs can be a more effective tool of reaching tenants who are most in need of support, however, as noted by USC researchers, policies like these are often not politically feasible.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 16-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

For the first question, OLO analyzed the demographics of renters – the constituents who would be most impacted by rent regulations. Census data summarized in Table 1 suggests that BIPOC constituents could disproportionately benefit from the Bill. Black and Latinx households are overrepresented among renter households. Native American and Pacific Islander households are proportionately represented, while White and Asian households are underrepresented. Further, the median household income of renter households in the County was $72,005 compared to $117,345 for all households in the County, suggesting that lower-income residents could also primarily benefit from the Bill.[31]

Table 1: Percent of All Households and Renter-Occupied Households by Race and Ethnicity, Montgomery County, MD

Race and ethnicity[32]	All Households	Renter-Occupied Households
Asian	14.4	12.2
Black	18.0	30.0
Native American	0.3	0.3
Pacific Islander	0.1	0.1
White	55.0	40.5
Latinx	14.3	18.8

Source: Table S2502, 2021 American Community Survey 5-Year Estimates, Census Bureau.

For the second question, OLO considered how this Bill could address racial disparities in housing insecurity. As noted, Black and Latinx households in the County experience higher levels of housing insecurity, placing them at higher risk of displacement. The majority of Black and Latinx renter households in the County are cost-burdened, making them more sensitive to even modest increases in rent. Inflation has caused further financial strain on the budgets of BIPOC and low-income households.[33,34]

Table 2 illustrates examples of potential increases in rent with the limitations established in Bill 16-23. The increases are calculated based on the maximum rent increase amount (3 percent) established in Bill 16-23. The actual increase amount could be lower if the residential rent component of the CPI-U is less than 3 percent.

Table 2: Potential Rent Change with Bill 16-23 Rent Regulations

If rent is...	Total rent with regulation (3 percent increase)
$1,000	$1,030 (+$30)
$1,250	$1,287.50 (+$37.50)
$1,500	$1,545 (+$45)
$1,750	$1,802.50 (+$52.50)
$2,000	$2,060 (+$60)

As noted, there is strong evidence that rent regulations are effective in improving housing affordability and stability for BIPOC tenants. Disadvantages attributed to rent regulations that could contribute to racial inequities in housing are supported by more mixed research findings. Table A in the Appendix outlines potential negative consequences of rent regulations and provisions of Bill 16-23 that could mitigate them.

Taken together, OLO anticipates Bill 16-23 will have a positive impact on RESJ in the County. Local data suggests Black and Latinx tenants would disproportionately benefit from rent regulations. Further, there is strong evidence from research that rent regulations are effective in improving housing affordability and stability for BIPOC tenants. The benefit of housing stability to BIPOC tenants will likely encourage positive outcomes across multiple areas of well-being. As such, OLO assesses the benefits of rent regulations exceed the potential negative consequences relative to RESJ.

If enacted, Bill 16-23 would establish a permanent rent regulation that allows for modest annual rent increases (refer to Table 2). The Bill would also generate revenue through the tax on vacant units, which could be used for the acquisition of affordable housing and administration of the rent regulation program. Further, the Bill contains several provisions aimed at preventing tenant displacement. Considering these factors and their systemic nature, OLO anticipates the positive RESJ impact will be moderate to large.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[35] OLO anticipates Bill 16-23 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, the following item can be considered:

- **Establish systems for proactive administration and enforcement of Bill 16-23.** As explained by researchers at the Urban Institute, "[d]ecisions about who will govern, administer, and enforce rent control can mitigate or compound existing unequal tenant-landlord power dynamics."[36] To improve equitable tenant outcomes, the rent regulation program could be structured to avoid putting the onus of enforcement on tenants through complaints, and instead establish a reporting and monitoring system that facilitates proactive enforcement. The rental property registry in San Jose, California that tracks controlled apartments, tenancy, and allowable increases through an online portal could be a model for the County to consider.[37]

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

APPENDIX

Table A: Bill 16-23 Provisions to Mitigate Negative Consequences

Potential Negative Consequence	Provisions that Could Mitigate
Undermine financial stability of smaller landlords	• Accessory dwelling units and owner-occupied buildings with up to two dwelling units exempt • Landlord allowed to bank forgone revenue when CPI is above 3 percent for future rent increases in years when CPI is below 3 percent • Landlord allowed to petition for fair return rent increase to cover operating expenses
Decrease in rental units	• Newly constructed rental units exempt for 10 years • Units vacant for more than 12 calendar months subject to excise tax
Displace tenants	• Market rent can be charged for previously owner-occupied unit upon vacancy only if unit was occupied by owner for at least 24 consecutive months • Limitations on rent amount charged to new tenant following vacancy • Landlord prohibited from increasing rent for new tenant if former tenant's lease was terminated for reasons not provided for in the lease or during the first year of tenancy
Decrease building maintenance and quality	• Landlord allowed to petition for fair return rent increase to cover costs of capital improvements and maintenance, among other operating expenses • Landlord not allowed to petition for fair return rent increase if property is designated "troubled" or "at risk" or if it has not passed rental housing inspection within one year of application

[1] Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. https://www.racialequitytools.org/glossary
[2] Ibid
[3] Edward G. Goetz, et. al., Minneapolis Rent Stabilization Study, University of Minnesota Center for Urban and Regional Affairs, 2021. https://www.cura.umn.edu/sites/cura.umn.edu/files/2021-08/Minneapolis-Rent-Stabilization-Study-web.pdf
[4] Ibid
[5] "Councilmember Will Jawando, Councilmember Kristin Mink, and County Executive Marc Elrich Spearhead the Housing Opportunity, Mobility and Equity (HOME) Act," Press Release, Montgomery County Council, March 2, 2023. https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=42957&Dept=1
[6] Introduction Staff Report for Bill 16-23, Montgomery County Council, March 7, 2023. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230307/20230307_1B.pdf
[7] RESJIS for Bill 30-21, Office of Legislative Oversight, September 9, 2021. https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2021/Bill30-21RESJ.pdf
[8] Demographic Profile of Council Districts, Research and Strategic Projects, Montgomery Planning, 2022. https://montgomeryplanning.org/wp-content/uploads/2022/05/Montgomery-County-Council-District-Profiles-2022-1.pdf
[9] Richard Rothstein, *The Color of Law: A Forgotten History of How Government Segregated America*, 2017
[10] Ibid
[11] "Briefing on Mapping Segregation Project," Montgomery County Department of Planning, November 23, 2022. https://montgomeryplanningboard.org/wp-content/uploads/2022/11/Mapping-Segregation-Staff-Report_12-1-22.pdf
[12] Kilolo Kijakazi, et. al, "The Color of Wealth in the Nation's Capital," The Urban Institute, November 1, 2016. https://www.urban.org/research/publication/color-wealth-nations-capital

[13] "DAC Historical Research Notes & Timeline", Montgomery Planning, Accessed July 21, 2022. https://montgomeryplanning.org/wp-content/uploads/2020/02/Historical-Overview-and-Development-Patterns-Staff-Research-Paper.pdf
[14] Ibid
[15] Kijakazi, et. al
[16] Ibid
[17] Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*, 2019
[18] Collection of Fair Housing and Discrimination Studies, The Urban Institute. https://www.urban.org/tags/fair-housing-and-housing-discrimination
[19] Dorothy Brown, *The Whiteness of Wealth: How the Tax System Impoverishes Black Americans and How We Can Fix it*, 2021
[20] 2015 Analysis of Impediments to Fair Housing Choice, Department of Housing and Community Affairs. https://www.montgomerycountymd.gov/DHCA/Resources/Files/community/fair_housing/2015_Analysis_of_Impediments_to_Fair_Housing_Choice.pdf
[21] Table S0201, Selected Population Profile in the United States, 2021 American Community Survey 1-Year Estimates, Census Bureau.
[22] DHHS Pulse Report: COVID-19 Impact and Recovery, Montgomery County Department of Health and Human Services, March 22, 2023. https://www.montgomerycountymd.gov/covid19/Resources/Files/pulse/DHHS-Pulse-230322.pdf
[23] "Point in Time Survey," Montgomery County Interagency Commission on Homelessness, Accessed December 5, 2022. https://www.montgomerycountymd.gov/homelessness/numbers.html
[24] Ibid
[25] Table S0201
[26] Goetz, et. al.
[27] Manuel Pastor, et. al., "Rent Matters: What are the Impacts of Rent Stabilization Measures?" Program for Environmental and Regional Equity, University of Southern California Dornsife, October 2018. https://dornsife.usc.edu/assets/sites/242/docs/Rent_Matters_PERE_Report_Final_02.pdf
[28] Rebecca Diamond, et. al., "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," American Economic Review, September 2019. https://www.aeaweb.org/articles?id=10.1257/aer.20181289
[29] Christina Plerhoples Stacy, et. al., "Rent Control: Key Policy Components and Their Equity Implications," Urban Institute. July 2021. https://www.urban.org/sites/default/files/publication/104630/rent-control-key-policy-components-and-their-equity-implications.pdf
[30] HB 0684, Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Just Cause Termination Provisions, Maryland General Assembly. https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0684?ys=2023RS
[31] Table S2503, Financial Characteristics, 2021 American Community Survey 5-Year Estimates, Census Bureau.
[32] Latinx is an ethnicity rather than a race. Therefore, Latinx people are included in multiple racial groups throughout this impact statement, unless where otherwise noted.
[33] Jonathan Fisher, "The Impact of Different Inflationary Pressures due to Income Inequality and Racial Disparities in the United States Today," Washington Center for Equitable Growth, May 26, 2022. https://equitablegrowth.org/the-impact-of-different-inflationary-pressures-due-to-income-inequality-and-racial-disparities-in-the-united-states-today/
[34] Monique Beals, "Nonwhite Voters More Likely to Say Inflation Hitting Them," The Hill, March 14, 2022. https://thehill.com/policy/finance/598145-nonwhite-voters-more-likely-to-be-affected-by-spiking-inflation-poll/
[35] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council
[36] Christina Plerhoples Stacy, et. al.
[37] Ibid

Climate Assessment

Office of Legislative Oversight

Bill 16-23: Landlord – Tenant Relations – Rent Stabilization

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 16-23 could have a positive impact on community resilience in the County, as housing stability is an important component of resilience. However, as enhanced community resilience would be a co-benefit of increased housing stability, the significance of this impact is indeterminate.

BACKGROUND AND PURPOSE OF BILL 16-23

Rent regulation policies generally establish how much landlords can increase rents each year. Across the U.S., two states and nearly 200 municipalities regulate their rental market.[1] As explained in the "Minneapolis Rent Stabilization Study":

> "The details and implementation of rent regulations vary based on jurisdictional goals. Broadly, these goals include protecting tenants from excessive rent increases, alleviating the affordable housing crisis, preserving existing affordable housing, providing housing habitability and security of tenure for renters, maintaining economic and racial diversity, and preventing real estate speculation."[2]

The intent of Bill 16-23, the Housing Opportunity, Mobility, and Equity (HOME) Act, according to its sponsors, is to help "keep renters in their homes by preventing rent gouging, reducing displacement, and creating cost predictability for renters and landlords."[3] If enacted, Bill 16-23 would:[4]

- **Establish an annual maximum rent increase for rental housing.** The maximum rent increase would be up to 3 percent or the rental component of the Consumer Price Index (CPI), whichever is lower. The increase could only occur once within a 12-month period with the landlord providing at least a 90-day notice before increasing the rent.
- **Provide exemptions for certain buildings from rent stabilization requirements,** including newly constructed units for ten years, accessory dwelling units, certain owner-occupied properties, certain moderately priced dwelling units in buildings, health facilities, religious and non-profit organizations, and licensed facilities.

- **Permit a landlord to submit a petition for a rent increase to obtain a fair return.** If a petition is granted, the landlord would have to provide the tenant a 90-day notice before increasing the rent. If a petition is denied, the landlord would have the right to appeal the decision to the Commission on Landlord-Tenant Affairs.
- **Establish an excise tax for vacant rental units.** An owner of rental property with two or more units and determined as vacant for more than 12 months would be subject to an excise tax of $500 per year per unit subject to interest and penalties. Funds collected through the tax could be used only for the acquisition of affordable housing and the administration of the Bill. The tax would take effect one year after the Bill is enacted.
- **Limit on rent increases for vacant units.** If a vacant unit returns to the market for rent, the new rental amount may include the allowable annual rent increase for each year the unit was vacant but cannot exceed 30 percent of the base rent amount paid by the prior tenant. However, the landlord may not reset the rent for the next tenant in an amount higher than the base rent paid by the previous tenant if a tenancy is terminated "for a reason not provided for in the lease or during the first year of a tenancy."

Bill 16-23 contains several other provisions, including, among others, reporting requirements and rent increase banking allowances for landlords, and administrative requirements for the Department of Housing and Community Affairs (DHCA). The Bill would be enforced by DHCA.

Bill 16-23, Landlord-Tenant Relations – Rent Stabilization, was introduced by the Council on March 7, 2023.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Methodology. OLO conducted a literature review of rent stabilization and its impacts on community stabilization and resilience, including its effects on housing stability and maintenance. OLO also spoke with County Staff with expertise on housing and rent stabilization policies.

Assumptions. The actions proposed by this Bill will increase housing stability for constituents, therefore positively impacting community resilience.

Uncertainties. There are a few uncertainties associated with the analysis of Bill 16-23: (1) Whether housing stability will be increased by the actions proposed by the Bill and; (2) if landlords will be incentivized to invest in capital improvements and maintenance for the physical resilience of buildings.

HOUSING STABILIZATION CAN ENHANCE COMMUNITY RESILIENCE

Rent stabilization policies establish a maximum yearly rent increase, which is usually a small percentage of the previous year's rent. This allows for predictability and stability for renters, as they know what rent increases to expect from year to year.[5] Rent stabilization can lead to increased housing stability for renters, which is an important component of community resilience.[6] Housing stability is associated with physical, social, and psychological well-being for individuals, as well as enhanced social cohesion and community ties. [7] Enhanced social cohesion and community ties enable residents to stay better connected, especially during extreme weather and other emergencies.[8]

While there are mixed findings in the literature about rent stabilization's impacts on the housing market and development of new housing units, there is widespread agreement that rent stabilization increases housing stability for tenants who live in regulated units.[9] Additionally, little empirical evidence shows that rent regulation policies negatively impact new construction. Construction rates are highly dependent on localized economic cycles and credit markets. Further, most jurisdictions with rent stabilization specifically exclude new construction from controls for a set period of time to incentivize new development.[10]

Impact of Rent Stabilization on Maintenance and Capital Improvements. There is mixed evidence on the impacts of rent stabilization on maintenance and capital improvements.[11] However, one study notes that maintaining units is an issue in all long-term rental contracts where the owner is responsible for maintenance, regardless of whether the unit is subject to rent regulations.[12] However, maintenance issues in units can be abated by programs included in rent regulation policies, such as "fair returns" for landlords to increase rent to cover costs for maintenance and significant capital improvement projects. Upgrades to energy efficient appliances, weatherization (I.e., insulation, ventilation), and electrification of buildings are essential to enhance the physical resilience of buildings and help keep energy costs down for renters.[13]

Displacement during disasters. Another potential benefit of rent stabilization is aiding renters who are displaced after natural disasters or other extreme weather events. In general, adequate protections do not exist for renters who are displaced after their housing is destroyed by a natural disaster. Renters must seek new housing, which is often much more expensive on top of the out of pocket costs associated with recovery from a disaster. As extreme weather events are more likely to occur due to climate change, it is important to protect renters from increased rent prices after a disaster.[14] Further, renters with lower rent burdens have more financial resources not devoted to housing costs and are therefore more resilient and better able to absorb costs related to extreme weather events.[15]

Montgomery County Renters. After the moratorium on rent increases during COVID-19 ended in May 2022, many constituents reported significant rent increases.[16] In the County, 51.4% of all renter households are cost-burdened households[17], which puts these households not only at risk of eviction but can force them to choose between necessities like food and utilities, in order to pay rent and remain housed.[18] Cost-burdened households are the most common form of housing instability and these households generally do not have

sufficient resources to dedicate to necessities besides housing, such as food, childcare, education, transportation and healthcare.[19]

ANTICIPATED IMPACTS

Overall, housing stabilization legislation can lead to an increase in housing stability, which could positively impact community resilience. There are varied approaches to rent stabilization legislature, with some components contributing to more housing stability than others. Actions proposed by Bill 16-23 are listed below, with an explanation on how it could impact housing stability, based on a literature review on rent stabilization policies.

- **Rent Cap of 3% or Voluntary Rent Guidelines (VRG) Cap** – In general, literature suggests the lower the cap, the more affordable a unit is for tenants. Affordable housing increases housing stability for renters, especially low-income renters.[20] Bill 16-23 proposes a rent cap of 3% or the VRG, whichever rate is smaller.[21] This is considered a lower cap, which could provide more affordable housing options.
- **Petition for Fair Return -** When a landlord is able to prove they meet the criteria for not receiving a fair return on their investment, they can be granted rent increases above the allowable yearly increase. Reasons to be granted an additional increase include covering costs for maintenance and capital improvements to property, which could encourage landlords to invest in their buildings' physical resilience.[22] Bill 16-23 provides this option.
- **Limit on rent increase for vacant units** – When there is no regulation on increasing rent for vacant units, this creates an incentive for landlords to displace current tenants, raise the rent to market rate, and select new tenants that are willing to pay that rate.[23] This can lead to a decrease in housing stability. To combat this, Bill 16-23 has a limit on rent increase for vacant units, specifically 30% above rent charged when unit was occupied. However, the landlord may not reset if a tenancy is terminated "for a reason not provided for in the lease or during the first year of a tenancy."
- **Vacancy Tax** - A further proposed measure by Bill 16-23 is a vacancy tax that charges landlords $500 per year for units that remain vacant for more than 12 months. The funds collected through the tax would be credited to the County's Housing Production Fund and can only be used for the acquisition of affordable housing and the enforcement and administration of the HOME Act. This tax could aid housing stability by incentivizing finding a tenant, rather than holding out for higher rent. In addition, tax revenue can go towards affordable housing programs.
- **Exemptions on New Buildings** – It is common in rent regulation policies to exempt new buildings for a certain period time. The purpose is to minimize the impact of regulations on new construction and balance the encouragement of new development while preventing excessive rent hikes. Bill 16-23 proposes a 10-year exemption for new construction.[24]

However, there is no mention of reducing condominium conversions, which takes housing units out of the rental stock. There is precedent for a significant number of rental units to be turned into condominiums, when rent stabilization legislation passes without regulations on these conversions.[25] Some examples of disincentivizing this action include: (1) Requiring a certain number of years advance notice for tenants that their unit will be converted; (2) Requiring the owner to help tenants find new housing; and (3) Paying a severance fee.[26]

Overall, OLO anticipates Bill 16-23 could have a positive impact on community resilience in the County, as housing stability is an important component of community resilience. However, as enhanced community resilience would likely be a co-benefit of increased housing stability, the significance of this impact is indeterminate.

Recommended Amendments

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[27] OLO does not offer recommendations or amendments as Bill 16-23 could have a positive impact on the County's community resilience.

Caveats

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Purpose of Climate Assessments

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] "Minneapolis Rent Stabilization Study", Edward G. Goetz, et. al., University of Minnesota Center for Urban and Regional Affairs, February 2021.
[2] Ibid.
[3] "Councilmember Will Jawando, Councilmember Kristin Mink, and County Executive Marc Elrich Spearhead the Housing Opportunity, Mobility, and Equity (HOME) Act", Press Release, Montgomery County Council, March 2, 2023.
[4] Introduction Staff Report for Bill 16-23, Montgomery County Council, March 7, 2023. Introduction Staff Report for Bill 16-23, Montgomery County Council, March 7, 2023.
[5] "Options and Tradeoffs: Rent Stabilization Policies", U.S. Department of Housing and Urban Development, Office of Policy Development and Research, June, 28, 2022.
[6] "Community Resilience Benchmarks: Housing", Alliance for National and Community Resilience, August 2021.
[7] "Rent Matters: What are the Impacts of Rent Stabilization Measures", Pastor, M., et. al., University of South California Dornsife, Program for Environmental and Regional Equity, October 2018.
[8] "Resilient Affordable Housing, Anti-Displacement, and Gentrification", Equitable Adaptation Legal and Policy Toolkit, Georgetown Law Climate Center, 2020.
[9] (Ambrosius et al., 2015; Diamond et al., 2019; Glaeser and Luttmer, 2003; Gyourko and Linneman, 1989; Heskin et al., 2000; Sims, 2007; Levine et al., 1990), as cited in "Minneapolis Rent Stabilization Study", Edward G. Goetz, et. al., University of Minnesota Center for Urban and Regional Affairs, February 2021.
[10] "Minneapolis Rent Stabilization Study", Edward G. Goetz, et. al., University of Minnesota Center for Urban and Regional Affairs, February 2021.
[11] "Rent Matters: What are the Impacts of Rent Stabilization Measures", Pastor, M., et. al., University of South California Dornsife, Program for Environmental and Regional Equity, October 2018.
[12] "Tenancy Rent Control and Credible Commitment in Maintenance", Arnott, R. and Shevyakhova, E., September 4, 2013.
[13] "Weatherization and Energy Efficiency", Baltimore City Department of Housing and Community Development, Accessed 3/24/23.
[14] "Resilient Affordable Housing, Anti-Displacement, and Gentrification", Equitable Adaptation Legal and Policy Toolkit, Georgetown Law Climate Center, 2020., "Post Katrina Housing Affordability Challenges Continue in 2008, Worsening Among Orleans Parish Very Low Income Renters", Plyer, A., et. al., Greater New Orleans Community Data Center, October 13, 2009.
[15] "Resilient Affordable Housing, Anti-Displacement, and Gentrification", Equitable Adaptation Legal and Policy Toolkit, Georgetown Law Climate Center, 2020. , "Community Resilience Indicator Analysis: Commonly Used Indicators from Peer-Reviewed Research", Federal Emergency Management Agency, September 2022.
[16] https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20221024/20221024_PHED1.pdf
[17] Cost burdened households are defined as households that spend 30% or more of their income on housing. Definition from: United States Census Bureau
[18] 2021 1 – year ACS estimates
[19] "Housing as a Safety Net: Ensuring Housing Security for the Most Vulnerable", Galvez, M., et. al., Urban Institute, September 30, 2017.
[20] "Minneapolis Rent Stabilization Study", Edward G. Goetz, et. al., University of Minnesota Center for Urban and Regional Affairs, February 2021.
[21] For reference, the VRG is updated annually to represent the prior year's increase in the rental component of the Consumer Price Index (CPI) for the Washington Metropolitan Area. The 2023 VRG limit is 5.8% and the 2022 was 0.4%.
[22] "Laboratories of Regulation: Understanding the Diversity of Rent Regulation Laws", Been, V., et. al., NYU Furman Center, March 18, 2019.
[23] "Rent Control: Key Policy Components and Their Equity Implications", Stacy, C., et. al., Urban Institute, July 2021.
[24] "Laboratories of Regulation: Understanding the Diversity of Rent Regulation Laws", Been, V., et. al., NYU Furman Center, March 18, 2019.
[25] "Minneapolis Rent Stabilization Study", Edward G. Goetz, et. al., University of Minnesota Center for Urban and Regional Affairs, February 2021.
[26] "Out of Control: What Can We Learn from the End of Massachusetts Rent Control?", Sims, D., August 22, 2006.
[27] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Montgomery County Planning Board
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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MontgomeryPlanningBoard.org

March 27, 2023

To: The Honorable Evan Glass
President, Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue, Room 501
Rockville, Maryland 20850

From: Montgomery County Planning Board

Subject: Bill 15-23 – Landlord-Tenant Relations - Anti-Rent Gouging Protections
Bill 16-23 – Landlord-Tenant Relations – Rent Stabilization (The H.O.M.E. Act)

BOARD RECOMMENDATION

The Montgomery County Planning Board of the Maryland-National Capital Park and Planning Commission met on March 23, 2023 and reviewed both Bill 15-23 – Landlord-Tenant Relations - Anti-Rent Gouging Protections and Bill 16-23 – Landlord-Tenant Relations – Rent Stabilization (The H.O.M.E. Act).

The Planning Board offers the following direct comments for the County Council to consider as it deliberates on Bill 15-23 and Bill 16-23.

In 2020, the Office of Legislative Oversight (OLO) compiled research and completed analysis for an economic impact statement on Bill 52-20 – Landlord-Tenant Relations – Protection Against Rent Gouging Near Transit,[1] which would establish a rent stabilization regime to regulate rents in almost all rental units within one mile of rail transit stations, and withing ½ mile of bus rapid transit stations in Montgomery County. OLO expected Bill 52-20 to have negative economic impact overall. The analysis noted the following findings from economics literature:

- Rent stabilization laws lead to supply-side pressures, both in terms of quantity and quality of supply. Such laws increase the number of condominium conversions, may reduce the number of new units constructed, and can lead to disinvestment by landlords.
- Economists generally conclude that rent control and stabilization laws generally do a poor job of targeting those with the greatest need and often the benefits are inefficiently or inequitably targeted.

[1] Sesker, Jacob. "Bill 52-20 Landlord-Tenant Relations – Protection Against Rent Gouging Near Transit Economic Impact Statement." Office of Legislative Oversight.
https://www.montgomerycountymd.gov/OLO/Resources/Files/eis/2020/EIS-Bill52-20.pdf

- Many economists conclude that rent control and stabilization laws provide the largest benefits to those who do not move and may encourage individuals to remain in units that no longer suit their needs.

The Planning Board shares concerns about enacting a strict rent stabilization ordinance as noted in the economic literature, especially given the potential impact on housing production. In November 2021, St. Paul, Minnesota passed a rent stabilization ordinance that limited rent increases to 3 percent, with no exemption for new development and no vacancy decontrol. After taking effect, building permits were down 82 percent in St. Paul but were up by 68 percent in the neighboring city of Minneapolis.[2] Projects in St. Paul struggled to get financing because the institutions financing the project view the inflexibility of the strict rent stabilization ordinance as increasing risk. Financing institutions are inherently conservative about how they evaluate risk, and the rent stabilization ordinance created an environment of hesitancy to invest in the city. The Planning Board also notes that Thrive Montgomery 2050 encourages the production of more housing in the county to better match supply with demand and has concerns about the impact a rent stabilization program would have on future housing production and supply.

The Planning Board also has direct comments related to substance of the two bills and offers the following recommendations related to the elements in the two bills:

- **Rent cap**: The Planning Board suggests setting the base cap in the 5-7 percent range, plus the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Area. In Oregon, landlords cannot raise the rent more than 7 percent plus inflation, and in California rents are not allowed to be raised more than 5 percent plus inflation (but never allowed to go above ten percent). Oregon and California could be potential models for the county's anti-rent gouging law. The Planning Board believes this rent cap balances both the need to ensure housing production is not hindered, and the need to stop the few bad actors that are gouging tenants' rents to inappropriate levels.
- **Limit on increase for vacant units**: The Planning Board recommends there should be no cap on rent increases for vacant rental units. This allows for property owners to recoup lost revenue and bring the unit up to existing market conditions after vacancy.
- **New rental unit exemption**: The Planning Board supports a 15-year exemption for new development. It is important to have an adequate new construction exemption policy to ensure that new construction can recoup costs in the first 15 years.
- **Small multifamily building exemptions**: The Planning Board believes that there should be a different treatment for small multifamily buildings, which often have higher capital maintenance costs due to the lack of economies of scale. While the two bills allow landlords to apply for an exemption or a fair return, the Planning Boards feels it may be appropriate to allow a broader exemption for smaller buildings with less than 10 units.
- **Exemptions for capital improvements/hardship**: Both bills offer either the ability to petition for a fair return or apply for a hardship exemption in cases of undue financial hardship or to fund certain capital

[2] Lindeke, Bill. "In first months since passage of St. Paul's rent control ordinance, housing construction is way down." Minnesota Post. March 10, 2022. https://www.minnpost.com/cityscape/2022/03/in-first-months-since-passage-of-st-pauls-rent-control-ordinance-housing-construction-is-way-down/

improvements. In these instances, the landlord would be permitted to exceed the allowance. The Planning Board supports these exemptions.

- **Vacancy Excise Tax**: The Planning Board does not support a vacancy excise tax. While a vacancy tax may be helpful to increase the housing supply and funding on the margins, it is not a substitute for building new housing. In 2022, the county's vacancy rate was around 5 percent, which signals that the county has more of a housing supply problem than a "too many vacant units" problem.
- **Single-family homes owned by corporations**: The Board wants to note for the Council the issue of single-family homes owned by corporations. It may be in the interest of the Council to discuss whether those types of units should be included in the ordinance.

The Planning Board also has one proposed technical edit to the exemptions listed in Bill 16-23. On lines 56-60, the exemption related to Moderately Priced Dwelling Units should be broader to include DHCA equivalent affordable units and Workforce Housing units. Please see page 11 of Planning's Staff Report in the Planning Staff Report Package Attachment for recommended language.

When an affordable unit produced under another federal, state or local affordable housing program is designated as an MPDU, the income limits and other requirements of that particular housing program apply during the compliance period for that program rather than the requirements set for the MPDU program. Adding the words "DHCA equivalent affordable unit" ensures that this DHCA equivalent affordable unit under another program is allowed to take advantage of the provision. Also, MPDUs usually set a maximum rental price of 70 percent of AMI, whereas Workforce Housing Units (WFHU) allow a maximum of 120 percent of AMI. Given the affordability maximum of the WFHU program is 120 percent of AMI, the Planning Board believes it appropriate to call out the Workforce Housing Unit program in the text of Bill 16-23 and not just MPDUs.

The Planning Board appreciates the opportunity to review Bills 15-23 and 16-23. The Board hopes the Council takes into consideration the enclosed recommendations on the various elements in both bills. The Council is encouraged to work collaboratively with the Planning Board to continue to address the affordable housing crisis through various strategies and tools.

CERTIFICATION

This is to certify that the attached report is a true and correct copy of the technical staff report, and the foregoing is the recommendation adopted by the Montgomery County Planning Board of The Maryland-National Capital Park and Planning Commission, at its regular meeting held in Wheaton, Maryland on Thursday, March 23, 2023.

Jeffrey Zyontz

Jeff Zyontz
Chair

Attachment A: Planning Staff Report Package

BILL 16-23: LANDLORD-TENANT RELATIONS – RENT STABILIZATION (THE H.O.M.E. ACT)



Description

Bill 16-23 would generally prohibit a landlord of a rental dwelling unit from increasing a tenant's rent more than the maximum allowed. Under Bill 16-23, the maximum allowance for a rent increase is up to 3 percent or the rental component of the Consumer Price Index (CPI), whichever is lower.

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SUMMARY

- Bill 16-23 would:
  - Establish an annual maximum rent increase for rental housing in the County
  - Provide exemptions for certain buildings from rent stabilization requirements
  - Permit a landlord to submit a petition for a fair rent increase
  - Establish an excise tax for vacant rental units
  - Specify the use of certain tax revenues for the acquisition of affordable housing; and
  - Generally amend County law concerning rent increase, landlord-tenant relations, and taxation.

BILL INFORMATION

Sponsor
Councilmembers Jawando and Mink

Introduction Date
3/7/2023

Review Basis
Chapter 29, Landlord-Tenant Relations

Planning Division
Countywide Planning & Policy

Public Hearing
3/27/2023

Planning Board Information
MCPB
Item No. 9

BILL 16-23: LANDLORD-TENANT RELATIONS – RENT STABILIZATION (THE H.O.M.E. ACT)

BILL 16-23 OVERVIEW

Bill 16-23 (also known as the Housing Opportunity Mobility and Equity, or H.O.M.E. Act) would generally prohibit a landlord of a rental dwelling unit from increasing a tenant's rent more than the maximum allowed. Under Bill 16-23, the maximum allowance for a rent increase is up to 3 percent or the rental component of the Consumer Price Index (CPI) percentage, whichever is lower. In January 2023, the Consumer Price Index for All Urban Consumers (CPI-U) in Washington-Arlington-Alexandria, DC-VA-MD-WV area for housing, rent of primary residence increased by 5.8 percent from January 2022 to December 2022 and 6.2 percent from January 2022 to January 2023[1] The increase may only occur once within a 12-month period and the landlord must provide at least a 90-day notice before increasing the rent. Landlords would be required to submit annual reports regarding their rent amounts to Montgomery County Department of Housing and Community Affairs (DHCA).

BANKING

A landlord may "bank" any foregone increase. Subject to limitations, a rent increase less than permitted amount may be banked and applied to a future year.

EXEMPTIONS

Bill 16-23 includes twelve exemptions from rent stabilizations without an application for exemption, including:

1. A licensed facility that is used primarily for the diagnosis, cure, mitigation, and treatment of illnesses
2. A dwelling unit owned or leased by an organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and used primarily to provide temporary sanctuary or shelter for qualified individuals
3. An owner-occupied group home
4. A religious facility such as a church, synagogue, parsonage, rectory, convent, and parish home
5. Group living facilities as defined in Section 59-3.3.2 of the Zoning Ordinance
6. A dwelling unit governed by a State or county agreement that limits the rent charged and the agreement remains in effect
7. Moderately priced dwelling units in a building constructed after 2005 that is governed by a 99-year agreement with the County and that are affordable to families at 120 percent, or lower, of area median income
8. A transient lodging facility subject to Chapter 54

[1] https://www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex_washingtondc.htm

9. A school dormitory
10. A licensed assisted living facility or nursing home
11. An accessory dwelling unit; and
12. A building originally constructed to contain only two dwelling units, one of which the owner occupies as a permanent residence.

Under Bill 16-23, landlords can file an application for two additional exemptions that DHCA must grant:

1. A rental facility that is subject to a regulatory agreement with a governmental agency that controls the rent levels of one or more rental dwelling units so that they are available only to low- and moderate-income tenants
2. A newly constructed rental dwelling unit for a period of 10 years after it is first offered for rent.

FAIR RETURN PETITIONS

A landlord has a right to petition for a rent increase to obtain a fair return, if the landlord proposes the rent increase should be more than allowed as proposed in Bill 16-23.

The landlord has the burden of proof and must submit a petition that includes income and expense information for DHCA to review and determine whether a fair return is permitted. If the petition is granted, the landlord must provide the tenant a 90-day notice before increasing the rent, if a petition is denied, the landlord has the right to appeal to the Commission on Landlord-Tenant Affairs. DHCA also has the authority to "roll back" a rent increase if a fair return petition was submitted in bad faith.

RENT INCREASES FOLLOWING VACANCY

Rent increases are allowed for vacant rental units that return to the market equal to the allowable annual rent increase for each year the unit was vacant, but not to exceed 30 percent of the base rent amount paid by the prior tenant.

If a landlord terminates tenancy for a reason not provided for in the lease, the landlord may not reset the rent for the next tenant in an amount higher than the base rent paid by the prior tenant.

RENTAL HOUSING VACANCY TAX

Bill 16-23 also establishes a rental housing vacancy excise tax. A property owner with two or more units, not condemned, and determined by DHCA as vacant for more than 12 calendar months would be subject to the excise tax.

The rental housing vacancy tax is $500 per year per unit subject to interest and penalties. Funds collected through the tax would be deposited and credited to the County's Housing Production Fund – the Housing Initiative Fund (HIF) – and can only be used for the acquisition of affordable housing and

enforcement and administration of this Bill. The tax would take effect one year after Bill 16-23 becomes law.

PREVIOUS LEGISLATION

Montgomery County (excluding the municipality of Takoma Park) does not have rent control or rent stabilization. The County Executive publishes the Voluntary Rent Guidelines (VRG), which provide recommended percentages for rent increases, based on the housing component of the Consumer Price Index for All Urban Consumers (CPI-U) for the local Washington-Arlington-Alexandria area.

While Montgomery County has no rent stabilization or rent control policy currently, the issue has been studied and discussed frequently over the past few years. During the COVID-19 emergency legislation was enacted to address rent increases during the span of the pandemic.

- Expedited Bill 18-20 - Landlord-Tenant Relations - Rent Stabilization During Emergencies was introduced on April 14, 2020 and enacted by the Council on April 24, 2020. The law prohibited a landlord from increasing rent during a catastrophic emergency (i.e., the COVID-19 emergency declared by Governor Hogan) or providing notice of a rent increase above the Voluntary Rent Guidelines until 30 days after the emergency expires. Under this Act, the temporary rent stabilization law was sunset on November 15, 2021, 121 days after the Governor declared the emergency had expired.

- Bill 52-20 - Protections Against Rent Gouging Near Transit was introduced on December 8, 2020. The bill had a public hearing but is still pending with no work session scheduled in the immediate future. The bill aimed to set standards regarding rents charged within 1 mile of rail transit stations, and within ½ mile of bus rapid transit stations. Rents within these areas would be required to comply with Voluntary Rent Guidelines published by the Department of Housing and Community Affairs (DHCA) under Chapter 29. In its comments on the bill to the Council, the previous Planning Board noted they strongly disapproved of the bill due to the potential impact on housing supply (Attachment 2).

- Expedited Bill 30-21, Landlord-Tennant Relations – Restrictions Following Emergencies-Extended Limitations was introduced on July 13, 2021. Bill 30-21 was enacted by the Council on November 9, 2021, to extend the limitation for a rent increase that was already provided for in Expedited Bill 18-20. The law continued the limitation on rent increases and extended the timeframe from 90 days to 1 year after the expiration of the emergency, which would extend until May 15, 2022. In addition, it prohibited landlords from charging late fees that accrued during the emergency. The rent increase restriction following the COVID-19 emergency is now expired and is no longer in effect.

- Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases was introduced on July 12, 2022. Expedited Bill 22-22 sought to temporarily limit rent increases to

no more than 4.4 percent for up to six months. This bill had a committee work session on October 24, 2022 but received no vote. Instead, the Council added a project to the Office of Legislative Oversight's work program to study rent regulations.

- Bill 15-23, Landlord-Tenant Relations - Anti-Rent Gouging Protections was introduced on March 7, 2023. The bill aims to prevent rent-gouging in the county. In general, annual increases in excess of the sum of the local annual CPI-U plus eight percent would be prohibited.

REGIONAL COMPARISON

See below for a comparison of regional rent regulations.

	Maximum Rent Increase	Limit on Increase for Vacant Units	New Rental Units Exemption	Small Building Exemptions
Bill 15-23	8% plus local annual CPI-U.	None.	15 years	Single family homes and buildings with two units, one of which is owner occupied.
Bill 16-23	3% or rental component of local annual CPI, whichever is lower.	Yes. Up to 30% above rent charged when unit was occupied.	10 years	Buildings with two units, one of which is owner occupied.
Prince George's[2]	3%	None.	5 years	None.
Takoma Park	Percentage increase in the CPI from March in the preceding year to March in the current year.	Yes. The rent for vacant rental units may be increased up to the banked rent and the annual rent stabilization allowance.	5 years	Single family homes and buildings with 2 units, one of which is owner occupied.
Mount Rainer	60% of CPI	Yes. 60% of the CPI multiplied by the rent that could have been charged had the unit been occupied in the preceding year.	15 years	2 or fewer units.

[2] Sunsets after one year.

Washington, DC	2% with annual CPI-W	Yes. Up to 30% above rent charged when unit was occupied.	Units built after 1975 are exempt.	Persons who own 4 or fewer rental units.

BILL 16-23 ANALYSIS

ABOUT RENT REGULATIONS

As summarized in the Montgomery County Preservation of Affordable Housing Study, rent regulations refer to a broad suite of policies, often referred to under the umbrella terms "rent control" or "rent stabilization." These rent regulations aim to limit the rents that private landlords may charge tenants. There is significant variation in program design related to the applicable properties, the level of oversight in rent setting, and the permitted level of rent increase. The effectiveness of rent regulation is the subject of significant debate among economists and housing practitioners, with proponents focusing on resident stability and skeptics asserting that negative consequences on housing production and other adverse effects outweigh any benefits.

An effective rent regulation is one that limits the ability of property owners to increase the rent on an existing property beyond what is necessary to maintain the property and without disincentivizing investment in existing properties or discouraging development of new housing. Balancing the limits on increasing rents with the need for private investment in housing is the central tension of rent regulation policies.

Anti-rent-gouging laws are a subset of rent regulations, where anti-gouging laws aim to prevent excessive rent increases, which are often at an unconscionable price for the tenant. Anti-rent gouging laws often set the rent cap at a rate well above the rate of inflation, often with a constant percentage on top of the rate of inflation. These laws attempt to stop the bad actors that attempt to raise the rents too high, but generally allow rent increases that exceed the market's typical rent growth.

The Montgomery County Preservation of Affordable Housing Study laid out five key considerations that any rent regulation policy will need to balance:

1. **Market Strength**: The strength of the existing multifamily rental market will determine whether rent stabilization may be viable. This can be determined through three indicators: net absorption—the number of new units that are being rented out annually; new multifamily starts—the number of new projects beginning annually; and stabilized property resale volume—the velocity of existing property sales. If the market is weak with low growth, such a policy may do more harm than good.
2. **Properties Covered**: Targeting is vital for a successful rent stabilization policy. If rent stabilization policies include new construction, they often stymie new development.

Instead, rent stabilization should target properties with the highest rates of rent increase, often older and smaller properties.

3. **Rent Increase Cap**: The rent increase cap must be set to an amount that targets potential rent gouging without reducing investment. In Oregon and California, these caps were set at inflation plus 7 and 5 percent, respectively, far exceeding any regular rent increase or the pace of inflation. The appropriate cap should be set based on the strength of Montgomery County's multifamily real estate market to ensure continued investment.
4. **Property Investment Exemptions**: A common drawback to rent stabilization is that it disincentivizes owners to properly upkeep their properties and make larger capital expenditures as required. Montgomery County needs to ensure that the cap allows for these investments to be recouped and incentivizes maintenance of safe and habitable apartments, and that the County continues to require a minimum level of upkeep through enforcement of building codes.
5. **Market Expectations**: Real estate markets are sensitive to market expectations—if there is a perception that rents will be further regulated or that regulations are temporary, landlords will adjust their actions accordingly. Any proposed rent regulations should be enacted swiftly, and property owners should be given confidence that the rules will remain consistent in the short-term.

In Planning staff's opinion, Bill 16-23 as currently written does not appropriately balance the considerations highlighted above. While staff is sympathetic to the plight of renters that have experienced excessive rent increases, a maximum cap of 3 percent is not excessive and could have detrimental impacts on the housing market. Staff recommends amendments to the bill in an attempt to better balance the need for tenant protections and ensuring there is investment in the local housing market.

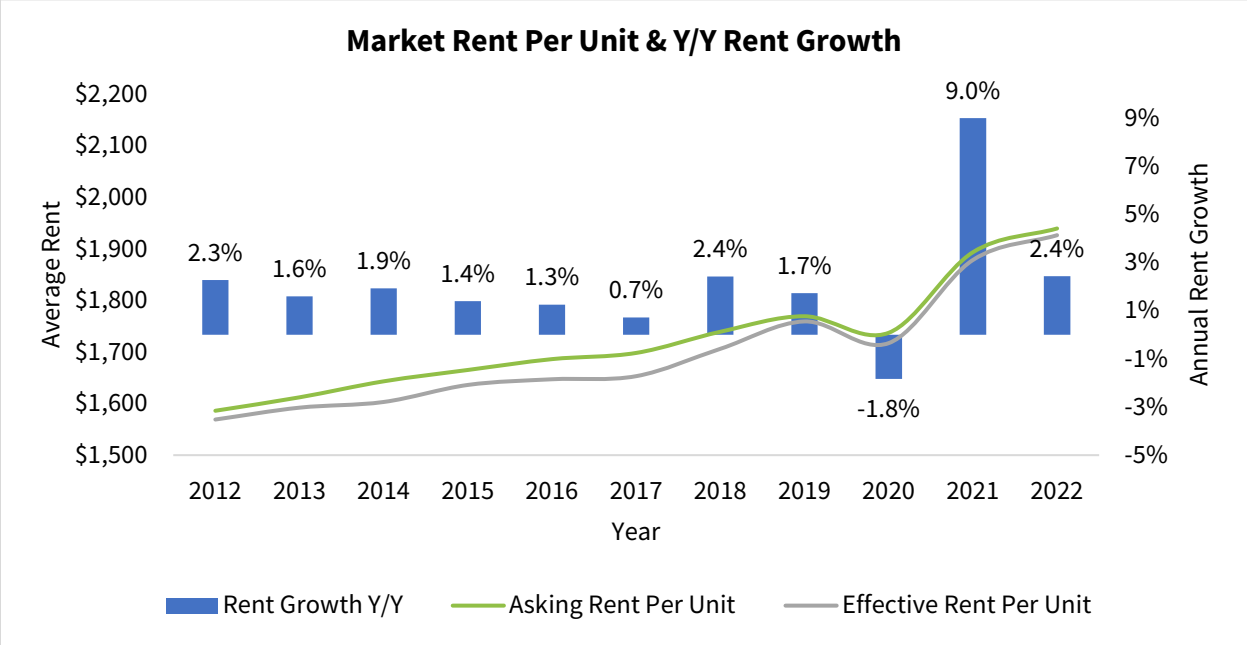
RENT ANALYSIS

Bill 16-23 sets the maximum allowance for a rent increase is up to three percent or the rental component of the Consumer Price Index (CPI) percentage, whichever is lower. To determine the appropriateness of the proposed cap, Planning staff evaluated market rents and year over year rent growth (rent growth is the year over year change in the rent charged) with CoStar[3] data. The following chart shows average rent growth in the county, plotted against both the average asking rent and the average effective rent. Effective rent being the rent charged after concessions are taken out. Concessions could include a free month's rent or reduced rent.

On average, the county has experienced average rent growth of 2.1 percent per year since 2012. There are two notable outliers to this trend. In 2020, the county experienced declining rent growth in the wake of the pandemic, where the average rent in the county declined by nearly 2 percent. In 2021,

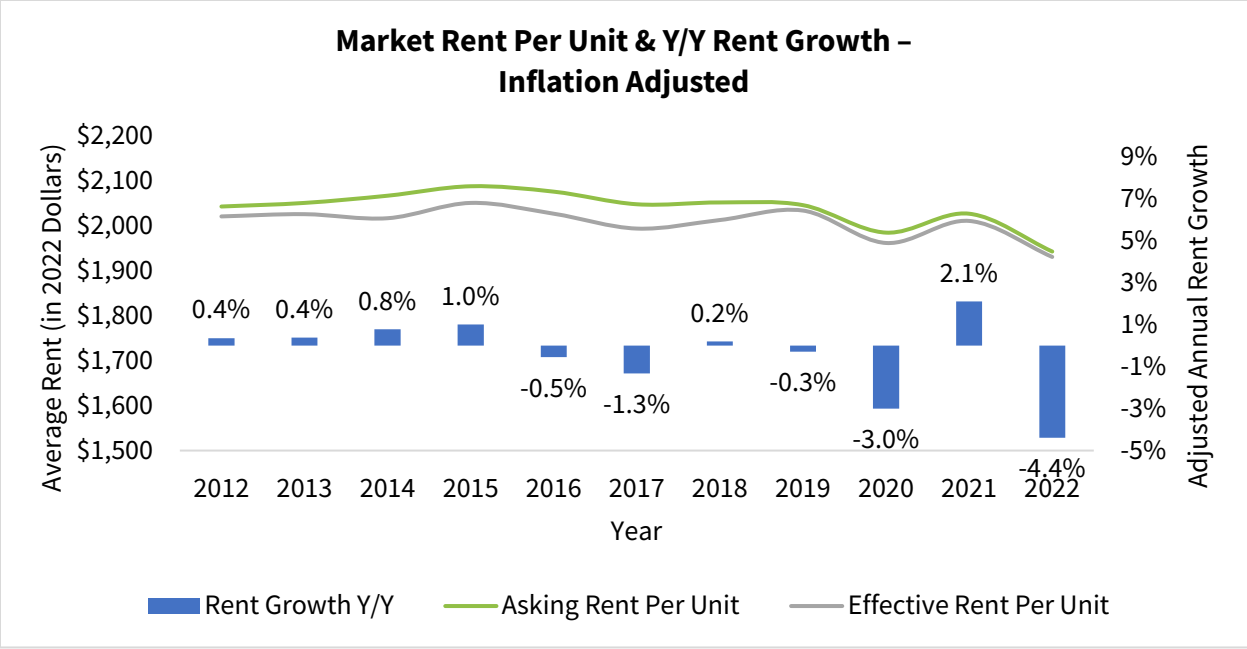
[3] The market rents reported by CoStar represent current asking rents of available rents. This data **does not** include in-place or renewal rents.

however, there was a huge rebound – the county recorded its highest rent growth on record at an average of 9 percent rent growth. By 2022, the strong rent growth experienced in 2021 subsided, and rent growth largely moved back in line with past trends at 2.4 percent. While it is too early to glean any trends for 2023 data, rent growth appears to be in line with 2022 trends through March, where average rent growth has returned to pre-pandemic levels.



Source: CoStar

Staff also considered rent growth adjusted for inflation. While the reality is that many renters did not have incomes that rose as fast as the rate of inflation, we are operating in a high inflationary market where property owners are experiencing rising costs too. After adjusting for inflation, rent growth in the county has been very modest. Since 2012, after adjusting for inflation (CoStar uses the CPI-U), rent growth, on average has been -0.5 percent. This means that rent growth in the county has generally not kept up with the rate of inflation.



RENT CAP

Bill 16-23 sets the maximum allowance for a rent increase to three percent or the rental component of the Consumer Price Index (CPI) percentage, whichever is lower. Planning staff feels that the proposed maximum allowance for rent increases is too low. At the very minimum, rent regulations should cover inflation without having to petition the county for a fair return. To ensure timely upkeep of properties, inflation should be automatically included in the rent cap to cover rising costs. On top of covering inflation in setting the maximum allowance for a rent increase, a fixed percentage of an allowable increase should be included. **Staff recommends setting the fixed share in the 5-7 percent range, in addition to the variable CPI component.**

Staff supports using the broader CPI-U instead of the rental component of the CPI. CPI-U captures a broader range of price increases, is more reflective of what consumers are experiencing, and reflective of the cost increases that a landlord experiences in terms of labor, supplies, materials, etc.

As seen in the analysis section, if the rent growth is low in the county already, why do we need to set the cap higher? A rent cap so low that it may not even cover the cost of inflation will almost certainly cause a reduction in housing production. Rent stabilization policies as proposed in Bill 16-23 treat a symptom of a housing supply shortage – rising rents – but not the source of the problem, which is an inadequate supply of housing. As proposed, Bill 16-23 will inhibit our ability to increase our housing supply. A cap that's too low will also make financing projects more difficult, in an era where interest rates, construction costs and labor costs are rising, making it already hard for projects to pencil out. Planning staff believes it is important to provide flexibility when creating rent regulations to ensure

capital costs are covered and to ensure predictability to financing institutions who fund these housing projects, which is why staff recommends a higher maximum rent allowance than proposed.

EXEMPTIONS

Staff has some suggested edits to the proposed exemptions.

First, "Moderately priced dwelling units in a building constructed after 2005 that is governed by a 99-year agreement with the County and that are affordable to families at 120%, or lower, of area median income" should be modified to read "Moderately priced dwelling units or DHCA equivalent affordable units and Workforce Housing Units in a building constructed after 2005 that is governed by a 99-year agreement with the County and that are affordable to families at 120%, or lower, of area median income."

When an affordable unit produced under another federal, state or local affordable housing program is designated as an MPDU, the income limits and other requirements of that particular housing program apply during the compliance period for that program rather than the requirements set for the MPDU program. If the compliance period for that program is shorter than the MPDU Control Period (which it usually is), the MPDU requirements apply for the remainder of the MPDU Control Period, unless the Director of DHCA determines that the affordability term of the other program is equivalent to the MPDU requirement. Adding the words "DHCA equivalent affordable unit" ensures that this DHCA equivalent affordable unit under another program that is placed into the MPDU program is allowed to take advantage of the provision.

MPDUs usually set a maximum rental price of 70 percent of AMI, whereas Workforce Housing Units (WFHU) allow a maximum of 120 percent of AMI. Given the affordability maximum of the WFHU program is 120 percent of AMI, staff believes it appropriate to call out the Workforce Housing Unit program in the text of the Bill and not just MPDUs.

Second, Bill 16-23 includes two instances where after an application for exemption, DHCA must grant an exemption:

1. A rental facility that is subject to a regulatory agreement with a governmental agency that controls the rent levels of one or more rental dwelling units so that they are available only to low- and moderate-income tenants.
2. A newly constructed rental dwelling unit for a period of 10 years after it is first offered for rent.

Staff recommends that both rental projects with affordable housing and new development should be exempted from rent stabilization without an application. Even if the application is guaranteed, the added process of having the landlord apply seems unnecessary. For affordable housing projects, it is important to not add additional regulatory burdens that could discourage the production of affordable housing. Similarly, most affordable housing programs have built in guidelines for rent increases already, or at least guidelines for the maximum rent that can be charged.

Both the Housing Opportunities Commission (HOC) and affordable units in the county's Moderately Priced Dwelling Unit (MPDU) program generally do not raise rents above the county's Voluntary Rent Guidelines. Automatically exempting these units and other affordable units from the regulations helps ensure that investment in affordable housing is not hindered.

Staff also recommends that that the exemption for new development for 10 years should be extended to 15 years. This allows projects more assurance that they'll be able to recoup and cover costs, especially construction costs. Properties need to pay off construction loans in the first 10-20 years, which often requires a higher rate of return in those first years.

Bill 16-23 allows an exemption for buildings with two units, of which one is owner-occupied. Planning staff also believes that there should be a consideration for a different treatment for small multifamily buildings, which often have higher capital maintenance costs due to the lack of economies of scale. While the bill allows landlords to apply for an exemption due to hardship, it may be appropriate to allow a broader exemption for smaller buildings with less than 10 units. **Planning staff recommends an exemption for small buildings with less than 10 units.**

FAIR RETURNS PETITIONS

In Bill 16-23, A landlord has a right to petition for a rent increase to obtain a fair return, if the landlord proposes the rent increase should be more than allowed as proposed in Bill 16-23.

The landlord has the burden of proof and must submit a petition that includes income and expense information for DHCA to review and determine whether a fair return is permitted. If the petition is granted, the landlord must provide the tenant a 90-day notice before increasing the rent. If the petition is denied, the landlord has the right to appeal the decision to the Commission on Landlord-Tenant Affairs. DHCA also has the authority to "roll back" a rent increase if a fair return petition was submitted in bad faith.

A landlord must not file a fair return petition for a rent increase if a unit in the property is designated by the Department as "troubled" or "at risk" under Section 29-22(b). The unit for which the landlord is requesting the increase must have passed a rental housing inspection within one year of the application date.

Staff supports the inclusion of a fair returns petition policy as it relates to Bill 16-23. However, staff worries about the exclusion of "troubled" and "at risk" properties from the ability to file a fair petition for a rent increase, as those properties are often the ones that need the additional capital to cover maintenance costs to get the facility up to code. **Staff would recommend allowing the "troubled properties" and "at risk" to apply for a fair petition to increase rent, with the ability to roll back the petition if the expenses for repairs, services, or maintenance were never performed.**

While the text of the bill lays out some standards for the property owners to pursue the fair return, if implemented, staff would like to better understand how the process would play out. Staff worries about subjectivity of the decision and **Planning staff recommends laying out a process that clearly allows a landlord to receive the fair return if certain conditions or criteria are met**.

LIMITATIONS ON RENT INCREASES FOR VACANT UNITS

Rent increases are allowed for vacant returns that return to the market equal to the allowable annual rent increase for each year the unit was vacant, but not to exceed 30 percent of the base rent amount paid by the prior tenant.

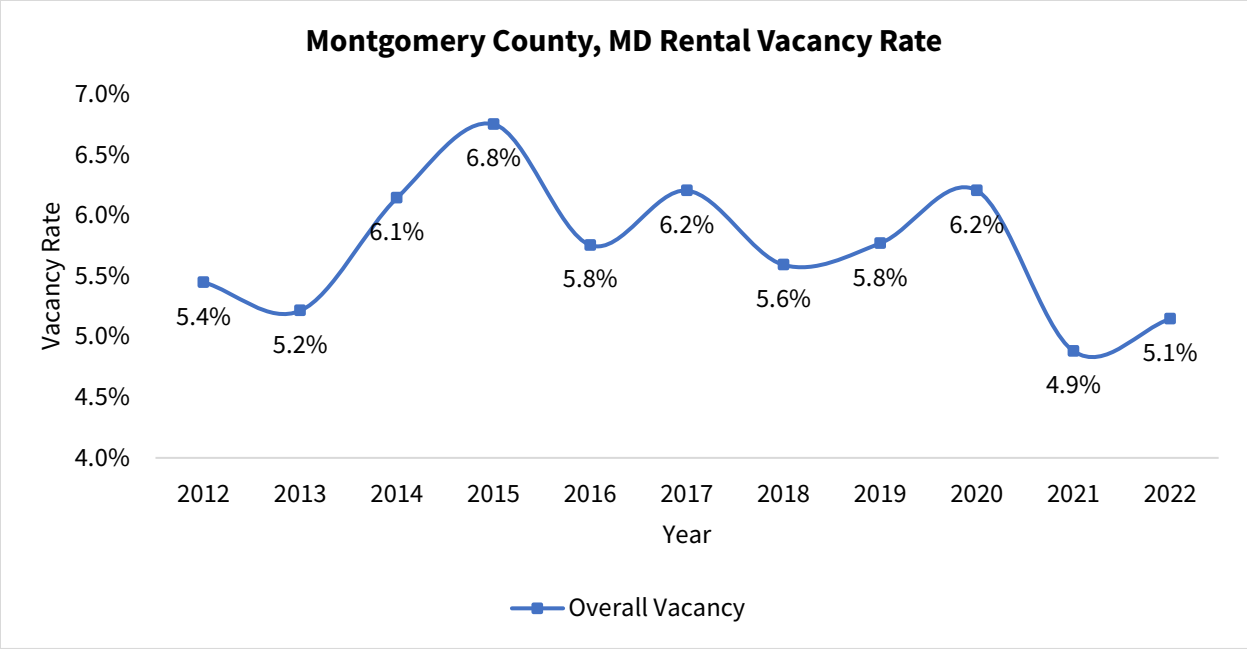
Staff recommends there should be no cap for rent increase on vacant units. This allows for property owners to recoup lost revenue and bring the unit up to existing market conditions.

RENTAL HOUSING VACANCY TAX

Bill 16-23 also establishes a rental housing vacancy excise tax. A property owner with two or more units, not condemned, and determined as vacant for more than 12 calendar months would be subject to the excise tax.

The rental housing vacancy tax is $500 per year per unit subject to interest and penalties. Funds collected through the tax would go to the county's Housing Initiative Fund and could only be used for the acquisition of affordable housing and enforcement and administration of this bill. The tax would take effect one year after Bill 16-23 becomes law.

While a vacancy tax may be helpful to increase the housing supply and funding on the margins, it is not a substitute for building new housing. In 2022, the county's vacancy rate was around 5 percent, which signals that the county has more of a housing supply problem than a "too many vacant units" problem. **Staff does not recommend the Planning Board support a rental housing vacancy tax, as they believe that current market conditions make it unnecessary.**



Source: CoStar

CONCLUSION

Staff do not support Bill 16-23 as written and would recommend several amendments to the bill. In summary, Planning staff:

- Recommend the allowable rent increase be modified to include a fixed percentage (in the 5-7 percent range) in addition to the annual Consumer Price Index rate.
- Believe that both rental projects with affordable housing and new development should be exempted from rent stabilization without an application.
- Recommend that that the exemption for new development for 10 years be extended to 15 years.
- Recommend allowing "troubled properties" to be eligible for fair returns petitions to increase rent, with the ability to roll back the petition if the expenses for repairs, services, or maintenance were never performed.
- Recommend laying out a process that clearly allows a landlord to receive the fair return if certain conditions are met.
- Do not support the rental housing vacancy tax.

ATTACHMENTS / LINKS

1) Bill 16-23
2) Planning Board Memo on Bill 52-20
3) CoStar Rent Analysis

OCA Suggested revisions or corrections are as follows:

- Line 9 - Replace “section” with “article.”
- Line 38 – Replace current heading with “Applicability”.
- Line 43 – Replace current heading with "Exemptions”.
- Line 70 – Replace “Department” with “Director” and delete “an application for”.
- Line 82 – Replace “pursuant to” with “under”. This change should be made globally throughout the draft to conform to the County’s plain language drafting guidelines.
- Line 107 – Replace “when” with “if”.
- Line 110 – Replace “when” with “if”.
- Line 136 – Delete “by the Department”.
- Line 137 - Replace “Department” with “Director”.
- Line 158 – Replace “subsection (b)(1)” with “paragraph (1)”.
- Lines 161 to 163 – If you have a paragraph (1), then you also need a paragraph (2). Otherwise, what is now paragraph (1) needs to be added as another sentence under subsection (b).
- Lines 163, 170, and 174 - Replace “Department” with “Director”.
- Line 192 – Replace “of” with “before”.
- Line 251 – Replace “COLTA” with “the Commission on Landlord-Tenant Affairs”.
- Line 273 – Replace “when” with “if”.
- Line 274 – Replace “said” with “the”.
- Line 284 - Replace “Department” with “Director”.
- Lines 293 to 294 – Delete “by Department”.
- Lines 294 and 297- Replace “Department” with “Director”.
- Lines 331 to 332 – Delete “by the Department.
- Line 339 – Replace “Department” with “Director”.
- Line 334 - Replace “of” with “after”.
- Lines 344, 345, 348, and 353 – Replace “when” with “if”.
- Line 384 – Replace “such” with “the”.
- Line 389 - Replace “prior to” with “before”. This change should be made globally throughout the draft to conform to the County’s plain language drafting guidelines.
- Line 393 - Replace “Department” with “Director”.
- Line 397 – Replace “Department” with “Director” and replace “rollback” with “roll back”. When used as a verb it should be written as two words.
- Line 409 – Delete “by the Department”.
- Lines 410 to 411 – Rewrite subparagraph (A) as follows: “The Director may consider a landlord as having acted in bad faith if the landlord:”.

- Lines 419 to 420 - Rewrite subparagraph (B) as follows: "Bad faith under this subsection does not include:".
- Line 426 - Replace "Department" with "Director".
- Line 437 – Replace "in accordance with paragraph a of this Section" with "under paragraph (1) of this subsection".
- Line 438 – Delete "Department authority in" and capitalize "setting".
- Line 440 - Replace "Department" with "Director".
- Line 443 – Write "Proof" in lower case.
- Lines 448 to 449 – Delete "which may decide whether the calculation is correct".
- Lines 452 to 456 – Delete Section 29-90 in its entirety.
- Line472 - references section 29-56, which is vacant.
- Line 482 – Replace "when" with "if".
- Line 493 - Replace "subsection (c)" with "paragraph".
- Line 514 to 515 – Section 25B-9 makes no mention of the Housing Production Fund being established by the Montgomery Housing Initiative.
- Line 519 – Delete "this" before "Article" and add "VIII of Chapter 29" after "Article".
- Line 520 – Delete "identified by the Department".
- Lines 521 and 526 - Replace "Department" with "Director".
- Line 527 – Replace "subsection (c)" with "paragraph".
- Line 542 – Delete "of Appeals".

Dear Montgomery County Council,

My name is Adeli Hernandez. I am a Migrant and I have lived in Silver Spring for 10 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Adeli Hernandez

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Adeli Hernandez** Soy Emigrante y vivo en Silver Spring desde hace 10 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Adeli Hernandez

Dear Montgomery County Council,

My name is Agapita Padilla. I am a proud Mexican immigrant who has resided in Glenmont for about 8 years. I am writing to thank you for taking action and introducing Rent Stabilization Bill 16-23, which would help keep a roof over my head. I am an elderly woman who has a handicapped son.

My rent recently increased by 6%! I don't find that just! Every year the rent continues to increase, and our wages stay stagnant.

People like myself who depend on social security cannot keep up, so we are forced to make cuts elsewhere, such as on utility bills, clothing, food, and more. In my case, not only am I having a hard time keeping up with rent, but I am also struggling with my son's medical bills.

The HOME ACT would prevent automatic displacement for my son and me. The thought of having to move is stressful. I hope you and the council can pass this before my next rent increase in the spring.

Please feel free to contact me with questions.

Sincerely,

Agapita Padilla

Estimado Consejo del Condado de Montgomery,

Mi nombre es Agapita Padilla. Soy un inmigrante mexicano orgulloso que ha residido en Glenmont durante aproximadamente 8 años. Le escribo para agradecerle por tomar medidas y presentar el Proyecto de Ley de Estabilización de Rentas 16-23, que ayudaría a mantener un techo sobre mi cabeza. Soy una anciana que tiene un hijo discapacitado.

¡Mi alquiler aumentó recientemente en un 6 %! ¡No encuentro eso justo! Cada año, la renta continúa aumentando y nuestros salarios permanecen estancados.

Las personas como yo que dependemos de la seguridad social no podemos seguir el ritmo, por lo que nos vemos obligados a hacer recortes en otros lugares, como en las facturas de servicios públicos, ropa, alimentos y más. En mi caso, no solo estoy teniendo dificultades para pagar el alquiler, sino que también estoy luchando con las facturas médicas de mi hijo.

El HOME ACT evitaría el desplazamiento automático para mi hijo y para mí. La idea de tener que mudarse es estresante. Espero que usted y el consejo puedan aprobar esto antes de mi próximo aumento de alquiler en la primavera.

No dude en ponerse en contacto conmigo si tiene preguntas.

Atentamente,

Agapita Padilla

Dear Montgomery County Council,

Good evening, my name Aime Tchemeni, I'm 44 years old, I'm Montgomery County resident, I'm undocumented immigrant waiting to my asylum case to be solve.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

I understand rent stabilization as the Montgomery county to protect right of tenents .

I have been in this country for 5 years. As an undocumented immigrant I have had very difficult time to this day, I been taken to court because I was not able to pay my rent. My landlord considerably increases the amount of rent (10%) every year. when I was summoned to court, I explained my income could not afford me to pay, the court decision authorized my eviction in addition the lessor took away my valuables

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Aime Tchemeni
[redacted]

Dear Montgomery County Council,

As the Montgomery County CASA community organizing team, we urge you to support Rent Stabilization Bill 16-23: The **Housing Opportunity, Mobility, and Equity Act**. The HOME ACT is vital for the survival of immigrant, black and brown, and low-income families across our community.

Our county's rising cost of living has put many of these families in precarious housing situations. The HOME ACT would provide crucial relief for these families by preventing unjust and arbitrary rent increases, which can force them out of their homes and communities.

Immigrant families, mainly, are vulnerable to displacement due to rising rents. Many of these families have experienced displacement in their home countries and come to our county seeking safety and stability. We must ensure they are not further traumatized by being pushed out of their homes due to rising rents.

Black and brown families, who have historically been subject to systemic discrimination in housing, often resulting from gentrification, unjust rent increases, and displacement, also stand to benefit from the HOME ACT. We can help preserve these communities and ensure they continue having access to affordable housing in our county.

Low-income families, who often struggle to make ends meet, are especially vulnerable to eviction and homelessness due to rising rents. The HOME ACT can provide a much-needed safety net for these families, ensuring they are not priced out of their homes and communities.

Stable housing is essential for creating thriving communities and supporting economic development. By keeping families in their homes and communities, we can ensure that our county remains a vibrant and inclusive place to live, work, and raise a family.

For these reasons and many more, we urge you to support the HOME ACT, a meaningful rent stabilization policy that would work towards creating a fair and equitable housing market for all families in our community.

Sincerely,

Alex Vazquez
Claudia Sacramento
Nayireth Castro
Jessica Guerrero

Dear Montgomery County Council,

My name is Ana Canales Flores. I am an Emigrant and I have lived in Silver Spring for 3 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Ana Canales Flores

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Ana Canales Flores** Soy Emigrante y vivo en Silver Spring desde hace 3 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Ana Canales Flores

TESTIMONIO ANA MOYA HOME ACT

Estimado Concejo del Condado de Montgomery mi nombre es Ana Moya soy madre de 2 ninos.vivo en [redacted] Soy de Guatemala y soy recidente de Montgomery hace 16 Anos.

mi esposo es el unico que trabaja el trabaja en construcción y le cuesta mucho poder llegar mes ames a la cuota de la renta ya que nos la an aumentado a un 6% y estamos muy preocupados porque no nos alcanza para cubrir otras necesidades. Y si aumentan mas la renta nos tocara abandonar el lugar donde mis hijos siempre an vivido y están adagtados a las escuelas

por esta razón estoy aquí pidiendo el apoyo a el proyecto de ley de estabilización de renta 16-23: que se que será un alivio porque será un porcentaje adecuado a nuestras necesidades que estamos pasando en estos tiempos difíciles porque todavía no nos emos podido recuperar de las secuelas que nos a dejado en nuestro sistema el Covid.por esta razón les pido un voto SI a la ley HOME,Proyecto de ley 16-23 gracias

TESTIMONY ANA MOYA MAN ACT

Dear Montgomery County Council my name is Ana Moya I am the mother of 2 children. I live at [redacted] I am from Guatemala and I have been a resident of Montgomery for 16 years.

My husband is the only one who works, he works in construction and it is very difficult for him to be able to pay the rent each month since they have increased it to 6% and we are very concerned because it is not enough for us to cover other needs. And if they increase the rent more, we will have to leave the place where my children have always lived and are adapted to schools

For this reason I am here asking for support for the rent stabilization bill 16-23: which I know will be a relief because it will be a percentage adequate to our needs that we are going through in these difficult times because we have not yet been able to recover from the consequences that Covid has left us in our system. For this reason, I ask you for a YES vote on the HOME law, Bill 16-23, thank you

Dear Montgomery County Council,

My name is Anayeli Martinez. I am from Mexico and I have lived in Silver Spring for 6 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Anayeli Martinez

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Anayeli Martinez** Soy Mexico y vivo en Silver Spring desde hace 6 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Anayeli Martinez

Testimony in Spanish: andres_hernandez_testimonio.pdf

Esteemed Montgomery County Council:

My name is Andres Hernandez. I am from Colombia and I live in Silver Spring since about 5 years ago. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Andres Hernandez

Testimony in Spanish: argelia_portillo__testimonio.pdf

Esteemed Montgomery County Council:

My name is Argelia Portillo. I am an immigrant and I live in Silver Spring since 5 years ago. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Argelia Portillo

Dear Montgomery County Council,

My name is Aura Marina Yae. I am from Guatemala and I have been living in Silver Spring for 2 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,
Aura Marina Yae

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Aura Marina Yae** Soy de Guatemala y vivo en Silver Spring desde hace 2 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Aura Marina Yae

Testimony in Spanish: _avilio_sorto_testimonio.pdf

Esteemed Montgomery County Council:

My name is Avilio Sorto. I am an immigrant and I live in Silver Spring for more than 10 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Avilio Sorto

Dear Montgomery County Council,

My name is Azucena Guevara Arias. I am an Emigrant and I have lived in Silver Spring for 4 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,
Azucena Guevara Arias

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Azucena Guevara Arias** Soy Emigrante y vivo en Silver Spring desde hace 4 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Azucena Guevara Arias

Bessem Ndip
Silver Spring, MD

Dear County Council Members,

My name is Bessem Ndip, and I am writing to express my support for the HOME Act. I am currently facing a big problem, as I have been informed that I have to leave my current home by April 18th, renew my lease at a 4% rent increase for 12 months, or be automatically placed on a month-to-month lease at an 8% rent increase. I am feeling very hopeless and angry, as finding a new affordable home in Montgomery County is proving to be extremely difficult.

I went to our social services office, and I was given a form to fill out for section 8 housing, but I have no idea how to fill it out. The front-desk person at the office told me that it would take at least 3 years to be approved for section 8 housing. This has made my blood pressure rise, as I am feeling very frustrated with the process. Being alone in this country is already difficult, but facing the possibility of homelessness is adding a great deal of stress to my life.

I have been searching for a second job, but it has been difficult. I work with disabled adults in a group-home and I used to have many hours, but they have hired more people to avoid paying full-time hours. Because I worked overnight shifts at minimum, there were some months I used to work without ever coming home to my own apartment. Now, with less hours, I am struggling to make enough to cover my rent and basic needs.

Even if I were to find a roommate, the cost of rent and utilities is becoming increasingly unaffordable. The rent is currently $1,534 a month, and my rent will increase by 8% to $1,657 next month because I am no longer able to afford a 12-month lease even at 4%. In the meantime, while I look for a new home, I must take the month-to-month option. This is making it increasingly difficult for me to make ends meet, as I am already having overdrafts in my bank account.

I pay all my money to rent. The other day I had to go to Kaiser for a doctor's appointment. And I had to pay the copay of $40. But I did not even know if I paid the $40 that I would have the money to pay for gas to get to Kaiser, because I had no money after just paying my monthly rent.

I am pleading with you to support and quicken passage of the HOME act and to consider a rent stabilization of 3% or lower. I believe that this would make a huge difference for people like me who are struggling to make ends meet. I appreciate your time and consideration.

Thank you,

Bessem Ndip

Despite the recommended rent increase given by the county, my apartment building (The Veridian) increased our rent by 13% for this upcoming year. Outpacing inflation and government wage increases. Even though other units are currently being offered at a much lower rate, The Veridian chose that the price of convenience was 13% higher. I am trying to save for a house, but it's hard to put away for a down payment when you have nothing left after paying for rent, utilities, and groceries. I cannot imagine some of the older residents in the building with very fixed incomes keeping up with this rate.

Testimony for Bill 16-23, The HOME Act
Submitted by Brandy H. M. Brooks, Kensington, MD
Tuesday, March 28, 2023

Council President Glass, Council Vice President Friedson, and members of the County Council:

My name is Brandy Brooks, and I am a racial and environmental justice organizer living in Kensington. I am here to testify strongly in favor of Bill 16-23, the HOME Act.

I rent my home in Kensington. My mother, Carol, whom almost all of you have met, also rents her home in Aspen Hill; both of us are in Councilmember Fani-Gonzalez's district. My mother has given me permission to share with you some of the details of her experience as a renter here in Montgomery County.

My mother is a senior and has a disability. This means that, though she enjoys the work that she has done as a technical trainer for decades, she currently lives on her Social Security income of $2,300/month. My mother's rent on her 1-bedroom unit is $1,400/month. **This represents 61% of my mother's monthly income. Including the cost of utilities for my mother's home, her total monthly housing cost is 68% of her income.**

After my mother pays for other essential recurring expenses like her health insurance and car insurance, she is left with a little over $100 with which to buy groceries, pay for prescriptions, buy gas, or do anything else. Nonetheless, my mother has been told by Montgomery County's Department of Health and Human Services that her income is too high to meet the guidelines for heating assistance or other support programs. We work together as a family to make sure my mother's basic expenses - which average about $700 beyond her base income - are covered every month.

Despite all this, my mother is actually fortunate. Her monthly social security payment is $500 *above* the average monthly payment of $1,830 for a retired worker in the US; more than $600 above the average payment for a non-disabled spouse receiving Social Security survivor benefits. She also lives in what people sometimes call "naturally occurring affordable housing" - her rent is more than $200 *below* the "fair market" rent of $1,640 for a 1-bedroom apartment in the DC metro area.

Interestingly enough, my mother's monthly income is only about $100 below that of a full-time worker earning Montgomery County's minimum wage of $15/hour. That worker would earn about $31,000 per year. For reference, as Councilmembers deciding what qualifies as an affordable rental increase, your salaries are five times that worker's wage. And contrary to assumptions voiced by previous Councilmembers during the debate on the minimum wage in 2017, the people earning that wage aren't only teenagers working after-school jobs; they are single people, partners, and parents trying to make ends meet every month, just like my mom.

I remind you all of these numbers so that today's conversation is based on facts, not fantasy. The 3% maximum annual rent increase allowed by the HOME Act would raise my mother's housing cost burden. In contrast, the 8% plus CPI cap set in Bill 15-23, which legitimizes the rent gouging already being faced by many renters in our county, would allow her rent to go up by over $200 a year at the current rate of inflation. Make no mistake: this would force my mother out of her home, and possibly out of Montgomery County altogether.

Let's look more closely at what these rent increases mean over time when compared with renter income. The Social Security COLA at the end of 2022 was 8.7%. However, for the past 30 years, COLAs have rarely exceeded 4%.[1] Also, for the last 20 years, the raw average of net compensation for US workers has not increased more than 5% in any year except 2021.[2] This is a very inaccurate measure for what workers actually experience as far as annual increases to their salary, but it still provides some basis for comparison between income increases and rent increases. The tables below illustrate how the maximum allowable rent increases in Bills 15-23 and 16-23 work out for two different types of renter households.

Single retired worker on Social Security in a 1-bedroom apartment in 20906

Bill 16-23	*Monthly income*	*Monthly rent*	*Rental cost burden*[3]	*Annual COLA*[4]	*Annual max rent increase*[5]
Year 1	$2,300[6]	$1,400[7]	60.9%	$92	$42
Year 2	$2,392	$1,442	60.3%	$96	$43
Year 3	$2,488	$1,485	59.7%	$100	$45
Year 4	$2,587	$1,530	59.1%	$103	$46
Year 5	$2,691	$1,576	58.6%	$108	$47

[1] https://www.ssa.gov/oact/cola/colaseries.html
[2] https://www.ssa.gov/oact/cola/central.html
[3] This is only the *rental* cost burden for this person; the total housing cost burden would include utilities and any other housing costs they are charged. The standard for affordability is that the total *housing* cost burden should not exceed 30% of monthly income.
[4] In this example, the annual COLA is set at the maximum of 4%. However, in most years the Social Security annual adjustment is less than this amount; see https://www.ssa.gov/oact/cola/colaseries.html
[5] For simplification, this table assumes an annual rent increase cap of 3% every year. However, in some years the allowable rent increase may be less than this amount; Bill 16-23 limits the increase to 3% or the rental component of CPI as of March 1 of the year, *whichever is lower.*
[6] As noted earlier in my testimony, this amount is significantly higher than the average Social Security monthly payment for retired workers in the US as of February 2023; see https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/
[7] As a reminder, this is a below-market rent for this zip code; see https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn for comparison. 20906 is a fairly representative zip code within Montgomery County.

Bill 15-23	*Monthly income*	*Monthly rent*	*Rental cost burden*	*Annual COLA*	*Annual max rent increase*[8]
Year 1	$2,300	$1,400	60.9%	$92	$144
Year 2	$2,392	$1,544	64.6%	$96	$159
Year 3	$2,488	$1,703	68.5%	$100	$175
Year 4	$2,587	$1,879	72.6%	$103	$194
Year 5	$2,691	$2,072	77.0%	$108	$213

For a senior living on a fixed income who receives a 4% COLA every year, Bill 16-23 reduces their rental cost burden over time. However, Bill 15-23 is likely to produce a significant annual increase in their housing cost burden. This becomes even more important when we remember that most annual Social Security COLAs are well below 4%.

Now, let's look at a household earning 70% of area median income for Montgomery County ($82,142 based on American Community Survey data from 2017-2021[9]) living in a 2-bedroom – for instance, two parents each working full-time jobs earning $19.75/hour[10], with their child.

Household earning 70% of AMI in a 2-bedroom in 20906

Bill 16-23	*Monthly income*	*Monthly rent*	*Rental cost burden*	*Average annual wage increase*[11]	*Annual max rent increase*
Year 1	$6,845	$1,870[12]	27.3%	$342	$56
Year 2	$7,187	$1,926	26.8%	$359	$58
Year 3	$7,547	$1,984	26.3%	$377	$60
Year 4	$7,924	$2,043	25.8%	$396	$61
Year 5	$8,320	$2,105	25.3%	$416	$63

[8] At the CPI for February 2023, Bill 15-23's rental increase cap is %14. These examples use an annual CPI increase of 2.3%, based on the average of CPI increases measured in March of the past 10 years (https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm). Using that average, the annual rent increase cap under Bill 15-23 would be 10.3%.
[9] https://www.census.gov/quickfacts/montgomerycountymaryland
[10] While this is above Montgomery County's minimum wage, MIT's Living Wage calculator (https://livingwage.mit.edu/counties/24031) indicates that a true living wage for these parents would be $23.70 for each person, or about $98,562 in annual household income.
[11] This example assumes that all wage earners in the household receive a 5% annual raise every year.
[12] See https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn; this is the fair market rent for a 2-bedroom in 20906.

Bill 15-23	*Monthly income*	*Monthly rent*	*Rental cost burden*	*Average annual wage increase*	*Annual max rent increase*
Year 1	$6,845	$1,870	27.3%	$342	$193
Year 2	$7,187	$2,063	28.7%	$359	$212
Year 3	$7,547	$2,275	30.1%	$377	$234
Year 4	$7,924	$2,509	31.7%	$396	$258
Year 5	$8,320	$2,768	33.3%	$416	$285

For a family of 3 living in a 2-bedroom, with two working parents making significantly more than minimum wage and receiving a 5% raise annually, Bill 16-23 keeps their rent affordable. Bill 15-23 makes it likely that they will become a cost-burdened household – especially since, in reality, most workers do not receive 5% raises every year.

It should not be assumed that landlord restraint will keep renters safe from maximum increases under Bill 15-23. There are ample examples of landlords illegally issuing rent increases above the emergency stabilization limits during the pandemic, preying on vulnerable tenants who did not know their rights. Since the emergency stabilization legislation expired, rent increases of 10%, 25%, and more are being reported to community advocates from tenants across a wide range of incomes. The culture of maximizing profits at the expense of residents' housing security is well-established in our county.

The HOME Act makes a reasonable compromise between the interests of vulnerable renters and those of property owners facing increased expenses year over year.[13] It also covers almost all of Montgomery County's renters; again in contrast, Bill 15-23 wouldn't protect my mother, because she rents in a condominium complex instead of an apartment building. The Racial Equity and Social Justice statements for both bills from the Office of Legislative Oversight make it clear that Bill 16-23 is vastly superior in terms of the protections and support it offers to renters facing increasing difficulties in securing safe and affordable housing. It would be laughable to talk about Bill 15-23 as an alternative to the HOME Act – except that the consequences are deadly serious for thousands of our neighbors.

Because these rent increases are not numbers in some accountant's spreadsheet. They are people's lives. They are the difference between medical care or not; between heat or not; between food or not. Each of you has repeatedly said that you are committed to racial equity and social justice. So listen to those you say you are trying to help, and pass Bill 16-23, the HOME Act.

[13] County Executive Marc Elrich provided a valuable illustration of how much unit owners' costs actually increase based on inflation in his remarks during a March 13, 2023 community forum on rent stabilization. See recording at https://www.youtube.com/watch?v=W6lZfAvwrag, at approximately 48:20.

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Candida Stroman** Soy de Honduras y vivo en Gaithersburg hace 7 años. Estoy dando mi apoyo y pido el de ustedes al Proyecto de Ley de Estabilización de Rentas 16-23. Soy una persona sola y con dificultades de salud y para caminar en diciembre me dio convid 19 perdio horas laborales perjudicando esto mi economía.

Me enfrento al aumento de renta indiscriminado aquí en los apartamentos donde vivo y a las malas condiciones. Pertenezco a la asociación de inquilinos asociada que ha venido luchando por las malas condiciones en los apartamente hace ya 2 años. Donde el dueño ni siquiera se dignado a tener una conversación con nosotros.

Este proyecto de ley aseguraría tener un techo seguro para mi y todos mis vecinos, a saber que el aumento de renta es justo, estable y seguro y que irá en consecuencia con la economía del país.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Dear Montgomery County Council,

My name is Candida Stroman. I am from Honduras and have lived in Gaithersburg for 7 years. I am giving my support and I ask for yours to the Rent Stabilization Bill 16-23. I am a single person and with health difficulties and to walk in December I was given convid 19, I lost working hours, harming my economy.

I am faced with indiscriminate rent increases here in the apartments where I live and with poor conditions. I belong to the associated tenant association that has been fighting for the bad conditions in the apartments for 2 years now. Where the owner didn't even deign to have a conversation with us.

This bill would ensure that I have a safe roof for me and all my neighbors, knowing that the rent increase is fair, stable and safe and that it will go accordingly with the country's economy.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Dear Montgomery County Council,

My name is Carlos Sanchez. I am from Salvador and I have lived in Silver Spring for 3 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.
Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Carlos Sanchez

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Carlos Sanchez** Soy Del Salvador y vivo en Silver Spring desde hace 3 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Carlos Sanchez

Testimony in Spanish: carmen_orozco__testimonio (1).pdf

Esteemed Montgomery County Council:

My name is Carmen Orozco. I am from Colombia and I live in Silver Spring since about 5 years ago. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Carmen Orozco

Date of Public Hearing March 28, 2023

Carol Stern
Chevy Chase, MD 20815

TESTIMONY IN SUPPORT OF BILL #16-23
THE HOME ACT

TO: Council President Glass, Vice President Friedson, and members of the County Council

FROM: Carol Stern

OPENING: **My name is Carol Stern. I am a resident of Chevy Chase in District 1 and** as a member of Adat Shalom Reconstructionist Congregation in Bethesda**. I am submitting this testimony in support of Bill #16-23, The HOME ACT.**

I want to personally thank Councilmembers Jawando and Mink for sponsoring this important legislation. Our Jewish tradition's primary concern regarding landlord-tenant relations is the question of permanence. Landlords are forbidden from evicting tenants without due warning and may not evict tenants during the winter months, when new housing will be hard to find. According to the great Jewish sage and philosopher, Moses Maimonides, a landlord must give the tenant sufficient notice before terminating a lease "so that the tenant can look for another place and will not be abandoned in the street". The landlord, Maimonides suggests, will be held responsible if a tenant becomes homeless as the result of eviction. We must use this strong advice when reforming our laws. **All of this advice points us to the importance of The Home Act.**

As Councilmember Stewart so aptly said during the bill introduction discussion, a 10% rent increase is effectively an eviction. The Home Act's cap of 3% for any rent increase is a crucial element of this rent stabilization legislation. In addition, the Home Act includes single family homes and condominiums and includes a provision for funding affordable housing. When 60% of our MCEA members can't afford to live in the county where they teach along with other county employees, we are in a crisis. Passage of The Home Act can certainly help alleviate some of the stress on the housing system. .

As our rabbis taught us, giving permanent housing to our citizens and being responsible for homelessness after an eviction is of the utmost importance for any society. **Decent, safe, accessible, and affordable housing is a basic human right** and Jewish tradition recognizes the importance of the home for we are taught that the home is a *mikdash me'at*—a mini sanctuary, a sacred place.

I respectfully urge the Council Council to return a favorable report on The Home Act Bill 16-23.

Dead Council Members,

My name is Cecilia Lazo, I live at [redacted]. I have been a resident of Montgomery County for 15 years. I work cleaning houses, but I barely have 3 days of work, and they increased my rent by 5%. The truth is, I can't pay my rent, medical expenses, and utilities because the rate at which rents are increasing far exceeds the rate at which my salary is growing. I am very stressed in this situation. We need rent stabilization that genuinely will benefit our communities. That is why I am writing to urge all of you to support the HOME ACT.

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Cecilia Lazo

[redacted]

Testimony in Spanish: cesar_david_borja__testimonio.pdf

Esteemed Montgomery County Council:

My name is Cesar David Borja. I am an immigrant and I live in Silver Spring since 5 years ago. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Cesar David Borja

Montgomery County
Climate Action Plan Coalition (CAP-Coalition) Members

TESTIMONY
In Support of the
Housing Opportunity, Mobility and Equity (H.O.M.E.) Act

Good afternoon. My name is Christine Pendzich. I'm a long-time resident of Takoma Park, active on anti-poverty and climate issues in the County since 2014, when I helped to found 350 Montgomery County, a leading local climate justice group.

Tonight, I am speaking on behalf of a broader group of County climate and climate justice organizations, which work together under the umbrella of the Climate Action Plan (CAP) Coalition. The Coalition came together in 2021, with the goal of supporting and monitoring implementation of the County's Climate Action Plan. The members of the CAP Coalition are deeply concerned about the current effects of climate change on our community – the flooding, the unbearable heat, droughts, loss of biodiversity – and we seek to address the root causes of climate change as the only way we can adequately address it.

Because we see the need to address the root causes of climate change, the CAP Coalition holds climate justice principles at the heart of its agenda. Therefore, many of the member groups think it is very important to speak in support of this Council's move to address the urgent need for clean, safe, affordable housing in the County. Rent stabilization is a key immediate step towards that important broader goal. The groups signed below support the H.O.M.E Act (Bill 16-23) as the rent stabilization bill most closely aligned with our values of equity and climate justice .

We see housing as tied in to the County's climate goals in multiple ways:

- Adequate housing is essential to protect people from the ravages of flooding, mold, heat and pollution emergencies that climate disruption causes,
- Adequate housing for low-income people supports people's participation in the community-building actions that are crucial to Montgomery's full-fledged climate response.
- Building housing near work centers curbs greenhouse gas emissions.

In general, we support housing that strives for net-zero energy use, is transit oriented, and is located in safe, cool, walkable communities .

We support housing justice in the County – that is, a regulatory and business environment that provides decent housing as a human right of all county residents. A comprehensive approach to housing justice in Montgomery County must take the following into account:

- Renters need affordability, stability, and predictability.

- The County must work with the business sector to set in place strategies and actions that meet the housing needs of low-income residents, at a scale that will fully relieve housing burdens and eliminate housing insecurity.
- A comprehensive package of solutions is needed, including direct cash subsidies to rent-burdened tenants, avenues for tenants to become property owners, and supply side increases in housing availability.
- Housing justice also includes just cause eviction policies, effective “Right to Repair” for tenants, and whistleblower protection for renters who complain about unsafe and unhealthy conditions;

Examining the two bills introduced, we support the Housing Opportunity, Mobility and Equity Act, as we find it more equitable. In particular,

- We support limiting rent increases to CPI-U or something that is closer to the 3% cap. A cap of CPI-U plus 8% is very high; the Voluntary Rent Guideline was last set at 8% in 1983, with consistently much lower increases every year since then. This high level of increase does not seem necessary to continue to encourage landlords to rent and it could be a very big burden on many renters.
- Landlord maintenance of properties has been an issue in the County; the H.O.M.E. Act sets up a control that requires landlords to be fully compliant with their maintenance responsibilities before a waiver of the cap can be allowed.
- The Act imposes an excise tax on units held vacant, thereby prompting fuller use of the available housing stock.
- We recognize that both bills provide lengthy exemptions (10 and 15 years) for newly built housing. We would like to see more information to understand the need and what works best.
- We recognize that there is a provision in the H.O.M.E. Act that allows landlords to ‘bank’ a percentage point for use in future years. This seems reasonable.
- We recognize that some compromises between the two bills are likely and we welcome productive debate on key issues.

We urge that the final bill be made a part of a larger package of support for affordable housing. Such a package would include social support measures such as immediate rent relief when needed; funding for more affordable housing units, through increases for the Housing Production Fund to create “social housing;” more mechanisms for enforcing landlord responsibilities on property maintenance; and even consideration of a living wage. Neither of the two bills currently includes all these features; we urge you to pass additional legislation or enact budget measures that build these features into the County’s housing framework.

In summary, climate justice is housing justice. For a sustainable, equitable, and vibrant future, the CAP Coalition members signed below support the H.O.M.E. Act, Bill 16-32.

350 Montgomery County
ACQ (Ask the Climate Question)

Biodiversity for a Livable Climate
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Glen Echo Heights Mobilization
TAME - Transit Alternatives to Mid-County Highway Extended/M-83
The Climate Mobilization, Montgomery County
Unitarian Universalist Church of Silver Spring, Green Sanctuary Committee

Esteemed Montgomery County Council:

My name is Cindy Cruz. I am an immigrant and I live in Silver Spring for 5 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Cindy Cruz

Esteemed Montgomery County Council:

My name is Cristian Martinez. I am an immigrant and I live in Silver Spring for 5 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Cristian Martinez

Dear council,

My name is Dayssy Garcia, and I live at [redacted] I am 23 years old, and I am from Honduras. I have lived in Montgomery County for three years.

I am writing to request support for the rent stabilization bill (1623) because this project will be a housing opportunity where there will be mobility and equity because it will be a reasonable percentage of money, no more than 3%

The HOME ACT will significantly help me because, despite being single, it has been difficult to keep up with my rent.

As a person of color and a low-income tenant, I have seen firsthand the benefits of meaningful Rent Stabilization. Especially when the emergency protection was in place for the past 2-3 years, it has allowed me to maintain a stable living situation while providing peace of mind and financial security. It has also allowed me to stay close to my community and job, which is essential as a working mother.

I ask that you please support the HOME ACT, which would greatly assist families like mine.

Thank You!

Estimado consejo,

Mi nombre es Dayssy García y vivo en 12027 Milton St, Silver Spring 20902. Tengo 23 años y soy de Honduras. He vivido en el condado de Montgomery durante tres años.

Le escribo para solicitar apoyo para el proyecto de ley de estabilización de rentas (1623) porque este proyecto será una oportunidad de vivienda donde habrá movilidad y equidad porque será un porcentaje razonable de dinero, no más del 3%

El HOME ACT me va a ayudar significativamente porque, a pesar de ser soltera, ha sido difícil mantenerme al día con mi renta.

Como persona de color e inquilino de bajos ingresos, he visto de primera mano los beneficios de una Estabilización de Renta significativa. Especialmente cuando la protección de emergencia estuvo vigente durante los últimos 2 o 3 años, me permitió mantener una situación de vida estable mientras me brindaba tranquilidad y seguridad financiera. También me ha permitido estar cerca de mi comunidad y trabajo, lo cual es esencial como madre trabajadora.

Les pido que apoyen HOME ACT, que sería de gran ayuda para familias como la mía.

¡Gracias!

Dena Lebowitz

[redacted]

Testimony in support of the HOME Act Bill 16-23

District 4

I urge you all to support the HOME Act because it is the only bill that balances the rights of tenants and landlords. It is government's role to do so. If this bill does not pass, what will happen is massive destabilization in our communities. I know, because I have seen it before. Twice.

I lived in Boston in the 1990s when rent control in 3 cities (Boston, Brookline and Cambridge) was overturned by a statewide referendum. Rents immediately rose by extreme amounts, over 50% in many cases. My friends either left the state or moved an hour away. If this happened today, they would not be able to move an hour away because rents would still be prohibitively high.

A few years ago I moved to Silver Spring from St Petersburg, Florida. Rents in St Pete were very low in 2007 when I moved there. Now they are comparable to Montgomery County and skyrocketing. Restaurant workers, plumbers, carpenters cannot afford to live there any more. Public transit is very limited so people must drive 2 hours to commute.

I was so pleased to see the protections Montgomery County put in place for tenants during COVID. My rent went up $5 last year. I was aware of the programs to help those who were evicted. I knew nothing like this exists in Florida.

But those were temporary protections. My rent is about to increase 10%. Even in Florida, where consumer and tenant rights are practically nonexistent, my rent increased only 6.7%. When I moved here I got a discounted rent due to higher vacancy rates during COVID. This increase will offset that discount plus a little more. I am fortunate that I can afford it this time. But I would not be able to afford it every year.

I am a downsizer, semi retired, 64 years old. 15% of Montgomery County renters are seniors. Not all of them have generous government pensions. Thousands of vulnerable seniors will face homelessness if the HOME Act does not become law. It is no longer possible to find an inexpensive apartment, because rents all over the country continue to rise. Even trailer parks in Florida are being bought by private equity firms who raise the rent, or simply convert the property to another use. People do not have the options for inexpensive housing that they had 20 years ago.

Let Montgomery County be the leader in creating sound policy that protects everyone.

Diane Griffin
Silver Spring Maryland 20906

Dear Members of the Montgomery County Council,

My name is Diane Griffin and I am a resident of Westchester West apartments on Hewitt Avenue. I am writing to express my support for the HOME Act, particularly for the rent stabilization provision that limits rent increases to 3% or less. I am a 71 year old retiree who has been unable to work due to COVID-19, and I am struggling to make ends meet and pay my rent.

I currently pay $1,300 per month in rent, and before the pandemic, my dad helped me pay for part of it. However, he fell and now needs his money for assisted living care, leaving me to pay the full amount. With only $1,244 per month from Social Security, I am unable to pay my rent and other basic expenses. Despite my efforts to secure a part-time job over the phone, the job market is tight and limited due to my age and health conditions.

As a retiree on a fixed income of $1,244 there is essentially no rent increase I can reasonably afford. Not 1%, 5%, or 10%. I need rent to be stabilized as low as possible. I'm not alone either. There are many seniors and people with disabilities in similar circumstances.

After getting behind on my rent for the first time during COVID-19 and facing potential eviction, I was forced to imagine what it would be like to lose my apartment and have to move. Depressingly, looking at the prices of other apartments in Montgomery County I fear that I would need to pay a much higher rent than I am now. It would be impossible for me to afford. The stability that the HOME Act would provide to my apartment and other units if I were to move is crucial for me.

I urge you to support the HOME Act and the rent stabilization provision that limits rent increases to 3% or less. This will provide stability for renters like me who are struggling to make ends meet, especially during these challenging times.

Thank you for your time and consideration,

Diane Griffin

Dear Montgomery County Council,

My name is Dinora Martinez. I am a Migrant and I have lived in Silver Spring for 5 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Dinora martinez

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Dinora Martinez** Soy Emigrante y vivo en Silver Spring desde hace 5 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Dinora Martinez

Esteemed Montgomery County Council:

My name is Dora Alicia Garcia. I am an immigrant and I live in Silver Spring for 5 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Dora Alicia Garcia

Esteemed Montgomery County Council:

My name is Dora Molina. I am an immigrant and I live in Silver Spring for 5 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Dora Molina

Drew Larsen
[redacted]

Testimony for the HOME Act (Bill 16-23)

I moved to Silver Spring a few weeks ago and I am feeling very lost and unsure about my future living here. My best friend living in the area has decided not to renew their lease because their rent went up 25%. This is insane. I'm afraid that this will happen to me, and I know some of my other friends are considering moving out of the county as well for rent increase reasons. This area will not be affordable for the average person, let alone anyone with lower income, going forward if we don't stabilize rent immediately. If we don't act now, every artist, creative, or working class person will leave this area, and Montgomery County will become an uncultured, inauthentic, and inaccessible place to live that is devoid of character.

To the Montgomery County City Council,

I recently (as of July 2022) moved to Montgomery County from overseas for work and study. I found a great apartment for my family which consists of my dog and me. I began my duties of job, study, and volunteering. Little by little, I began to get to know better the community, the local shops, restaurants, and community centers, parks and I started to really like the potential hopes of living long-term in this area.

Then I was hit with an unexpected rise in rent of **14%** from my apartment complex and all hope of building something in this community was shattered. I went into panic mode figuring out how I was going to be able to afford my rent and live sustainably while working 2 jobs and studying. While I expected a rent increase, I never expected it to increase so much at once, let alone for a 1-bedroom basic apartment.

I may not have a nuclear family of children and a partner, but I immediately thought of those who did and were found in a similar situation. All I could think of was "If I'm struggling, I can only imagine what a single mother or a person with a disability might be going through with this rent situation".

I am writing for myself, a hardworking, immigrant, millennial (with a dog,) who is only doing the best to get ahead but I am also writing for those who are affected by this situation in ways I can only imagine. The reality is I could get a third job to help pay for my living expenses in this area or simply move but I shouldn't have to do that. And what about the people who don't have that as an option?

All we are asking for is a FAIR and SUSTAINABLE plan for people who are renting because there is no job that is giving salary increases of 14% a year and it is impossible to keep up.

Sincerely,
Drisneidi Villaman

STATEMENT in SUPPORT of RENT STABILIZATION – BILL 16-23

Dear Council President Glass, Vice President Friedson, and members of the County Council,

Our Revolution Montgomery County, an affiliate chapter of Our Revolution Maryland, strongly supports passage of the Housing Opportunity, Mobility, and Equity Act, known by its acronym as the HOME Act.

Our organization was conceived as a national effort, directed largely by local members, most of us coming together as supporters of Bernie Sanders' first Presidential campaign. We have focused on local political campaigns, supporting candidates committed to promoting the progressive agenda. That includes addressing the climate crisis, and a range of ideas like universal health care, all aimed towards creating a more egalitarian society. Locally, we have sought to persuade, endorse and help elect progressives who were open to pursuing police and criminal justice reforms, more progressive taxation, and, perhaps the Holy Grail, real progress on addressing the housing affordability crisis including support for enacting some form of rent stabilization. Finally, we stand on the precipice of realizing this goal.

We also want to acknowledge the County Executive for his lengthy effort to spread countywide the benefits of rent stabilization he witnessed in his Takoma Park community, thanks to decades of experience with rent stabilization.

More than anywhere else in the county, perhaps even anywhere in Maryland, Takoma Park stands out, renowned because of the strength and vibrancy of that community. The commitment to protecting the interests of renters has been an indispensable part of building this legacy community, in all the best ways. Analyses have shown that renters there are, on average, less rent-burdened than renters in other Maryland jurisdictions. This provides security with affordable rents for renters who would not be income eligible for the County's MPDU units, and allows many renters to pay significantly less of their income to rent. That policy has also facilitated a transformation of Takoma Park into a majority minority community, one which is home to many small, local, and culturally diverse businesses.

Because of the severe affordability crisis in the rest of the County, Bill 16-23, would enact a somewhat more stringent rental increase allowance, using either CPI or a cap of 3% if that is lower than CPI. However, the HOME Act addresses concerns about a possible drag on development by exempting any new construction for 10 years, which is twice as long as Takoma Park's exemption.

Most importantly, that 3% is not picked out of thin air. It is the same level set by the Prince George's County Council in rent stabilization legislation enacted there last month. Old-timers here will recall that the County Executive tried to enact a minimum wage increase when he sat on the Council, but met resistance out of concern that an increase would drive investment and economic activity to adjoining counties. As a result, the County Executive forged an agreement among the leadership in Prince George's County, and the District of Columbia, to raise the minimum wage across the region. We now sit in a similar situation. Past concerns that rent stabilization here would shift investment to our neighboring communities no longer seem tenable. We can join Prince George's County in enacting a 3% cap.

The DC rent stabilization law uses CPI as well, capping increases at CPI + 2%, and no more than 10% total, far less than what would be allowed under the competing bill being introduced today. That bill, as it allows an 8% increase above CPI, seems to us to be more of a Price-Gouging Ratification Act than it is any sort of anti-price gouging measure. It would be rent stabilization in name only. We recognize that some compromise may emerge that could gain consensus, but any compromise must embody the main guiding principle of the HOME Act that landlords, without good cause to seek an adjustment under a Fair Return Petition, should not be permitted to exploit the high levels of demand for housing here to engage in profiteering. Landlords have the rights of ownership, but tenants should be able to rely on some reasonable limits on rent increases.

Our County is known as much for its diversity as for its relative wealth and high levels of education. Several of our communities rank among the most diverse in the nation, but we cannot maintain that diversity, or that community, if we allow our residents to be priced out of living here. Nor should we be content to see younger single renters or families become ever more rent-burdened. Even if they are able to remain in our County, they will have much less disposable income to spend here. Renters, neighbors and local businesses will all benefit if we can act now to ensure that renter residents can afford to live where they have chosen to make their home.

We are now lagging behind the District of Columbia and Prince George's County in protecting the interests of the large numbers of residents who need affordable rental housing to stay in the region. We must act to prevent the loss of many of the people who make Montgomery County the vital, incredibly diverse community it is now.

With Our Revoluiion's record of strong support for working families, and our concern for the pernicious effects of wealth inequality, it should surprise no one that we strongly support the HOME Act. Nor should it surprise the members of the Council that our County's renters will greatly appreciate the greater security that the HOME Act offers. Sometimes the best policy is also good politics. This is one of those moments.

Members of the Council have weighed in strongly to address the housing crisis by moving to facilitate more development, but that is, at best, a very long-range strategy. Residents here now need relief from rapidly escalating prices and rents, if they're going to continue to live in our community.

We urge all of you to support this excellent, well-thought out and deeply needed legislation, and send the HOME Act to the County Executive for his signature. ***We ask the County Council to pass the HOME Act, Bill 16-23.***

Kat Uy and Ed Fischman (Chairs of Our Revolution Montgomery County)

Dear Montgomery County Council,

Good evening, my name is Evelyne NANGOUP, I'm 52 years old, I have lived in Montgomery County since 2019, and I'm a mother of 5 children who stayed in my country and go to school.
.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

I understand rent stabilization as an opportunity that Montgomery will offer to his resident to save money

I spent 5 years in an apartment in Silver Spring. Every year my rent increased for $100, I was able to manage till I lost my job because I cached covid-19. My brother helped me for a few months. Unfortunately he stopped when the landlord added the rent again. I was not able to pay myself and they evicted me.

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Evelyne Nangoup Mbungkew
[redacted]

I am speaking in favor of Bill 16-23 the Home Act which sets the cap at a maximum of 3% rent increase for housing in Montgomery County. Our county has become increasingly diverse including many immigrants who are low-income. Most low-income residents are paying 50% or more of their monthly take-home salary for rental housing. A large percentage are forced to hold two or three jobs to accomplish this feat. The skyrocketing rental fees since pandemic rent stabilization was lifted have forced the low-income immigrant populations to find more affordable housing, many times out of the county or ultimately face homelessness. This displacement impacts community resilience as residents become transient. It may break the cultural bonds and social cohesion that cement the neighborhood and have an impact on small businesses central to the community for services and employment.

As we deal with the impacts of a warming climate, we need to provide opportunities for county workers to live close to employment which will increase workforce reliability even in inclement weather. The need to drive long distances for employment will be reduced as jobs can be accessed by walking, bicycling, or by transit, close to affordable housing.

The Landlord- Tenant Relations Anti Rent Gauging, Bill 15-23 permits both rent increases of up to 8% and many exceptions for adhering to this requirement. Only a 5% increase in rent may cost tenants thousands more a year and force a choice between paying rent or purchasing needed food, medications, and paying for transit to work. Prince Georges County recently passed the Rent Stabilization Act, a comparable bill to The HOME Act, we can join our neighbor and provide affordable housing for all in Montgomery County.

Dear Montgomery County Council,

My name is Geraldina Hernandez. I am an Emigrant and I have lived in Silver Spring for 3 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,

Geraldina hernandez

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Geraldina Hernandez** Soy Emigrante y vivo en Silver Spring desde hace 3 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Geraldina Hernandez

Dear Montgomery County Council,

My name is Gilma Reyes. I am a Montgomery County Resident and a single mother of two. My daughters and I were forced to move out of our home after our landlord increased our rent. I was recently divorced and felt the great impact of having to raise two girls and provide for them on my own.

Paying rent and bills as a new single mother was extremely difficult. There was no one I could turn to for help. My eldest daughter, seeing the situation we were in decided to work to help provide for our family even though she was still in school. This broke my heart knowing that if we moved out of Montgomery County, my daughters would have to be placed in a new school, work was going to be nearly impossible to keep and we would have nowhere to live. I was not able to keep up with the rent increase even with my daughter's salary and our landlord did not care about our situation. Their increases started from 4%, the highest being 7% before given the notice of eviction.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

Being an immigrant and single mother has been both a blessing and a curse. Landlords use their power to charge you an arm and a leg no matter your situation. It is unjust and inhumane. No tenant should have to suffer such high increases in rent only because the Landlord feels like it.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

No one deserves the angst our community if being forced to deal with!

Sincerely,

Gilma Reyes

[redacted]

DEAR MONTGOMERY COUNTY COUNCIL,

My Name is Gissel Garcia. I am from Honduras. I have lived in Montgomery for three years at [redacted] I am a single woman, and I work in house painting. I am requesting your support for the rent stabilization bill 16-23: The HOME ACT.

I support the HOME ACT because we all deserve predictability and stability.

I am single and without children, and I have no idea how families with children do it. As a single person, 60% of my salary goes towards rent. Whatever I have remaining goes toward other bills and utilities. Honestly, 3% is flirting a line with displacement for me. It's unimaginable that six council members would believe that 8%+CPI would "protect" renters already struggling with small % rent increases.

Please consider the damage that this Anti-Rent Gouging Bill would do to our low-income communities and tenants.

Sincerely,

Gissel Garcia

ESTIMADO CONCEJO DEL CONDADO DE MONTGOMERY,

Mi nombre es Gissel García. soy de honduras He vivido en Montgomery durante tres años en [redacted] Soy una mujer soltera y trabajo pintando casas. Estoy solicitando su apoyo para el proyecto de ley de estabilización de alquileres 16-23: The HOME ACT.

Apoyo HOME ACT porque todos merecemos previsibilidad y estabilidad.

Soy soltera y sin hijos, y no tengo ni idea de cómo lo hacen las familias con hijos. Como persona soltera, el 60% de mi salario se destina al alquiler. Lo que me queda se destina a otras facturas y servicios públicos. Honestamente, el 3% está coqueteando con el desplazamiento para mí. Es inimaginable que seis miembros del consejo crean que 8% + CPI "protegería" a los inquilinos que ya luchan con pequeños aumentos de alquiler de %.

Considere el daño que este proyecto de ley contra la especulación de rentas causaría a nuestras comunidades e inquilinos de bajos ingresos.

Atentamente,

gissel garcia

Letter of Support for the Home Act.

Dear Council,

My name is Gledys Guerrero. I live in Silver Spring. I am a 17-year resident of Montgomery County. I work in cleaning. I am the mother of 3 children, but I have very few hours of work, and I am one of the people affected by a 7% rent increase within my neighborhood. With a lot of effort, I must sacrifice other health needs to pay the rent. I am in this county out of necessity. Our salaries do not increase, and as this rent rises daily, we are struggling to feed our children.

For the reasons stated above, I ask for your support in Bill 16-23, the Home Act.

Gledys Guerrero
[redacted]

Testimonio de Glendy marleny perez matta Home act

Estimado consejo del condado de montgomery mi nombre es glendy marleny perez matta vivo en [redacted] soy de guatemala madre de 3 hijas vivo en el condado de montgomery hace 5 años

y les estoy escribiendo para pedirles su apoyo a el proyecto de ley de estabilización de la renta 16-23: porque será un alivio para mi y otras madres como yo que vivimos luchando para poder estar al día con la renta ya que es una lucha constante porque no tengo un empleo estable y me toca buscar trabajo de todo lo que pueda

ya que tras la pandemia perdí mi trabajo que era de cuidar ninos y se me a echo tan difícil ya que teniendo 3 hijas pequeñas y se me han enfermado mucho porque sus defensas no quedaron bien despues de el covid

esta ley de el porcentaje de 3% será una gran ayuda a tantas necesidades que estamos pasando ya que no tengo muchas horas de trabajo y me he rretrazado muchas veces en la renta porque me toca cubrir la salud de mis hijas les pido que voten SI el proyecto de ley 16-23 gracias!!

Testimony of Glendy marleny perez matta Home act

Dear montgomery county council my name is glendy marleny perez matta i live at [redacted] i am from guatemala mother of 3 daughters i have lived in montgomery county for 5 years and I am writing to ask for your support for the rent stabilization bill 16-23: because it will be a relief for me and other mothers like me who live struggling to be up to date with the rent since it is a constant struggle because I don't have a stable job and I have to look for work as much as I can

since after the pandemic I lost my job that was to take care of children and it has become so difficult for me since I have 3 small daughters and Ihe very sick because his defenses were not leftGOOD after the covid

this law of the percentage of 3%it will be agreat It helps with so many needs that we are going through since I do not have many hours of work and I have fallen behind many times in the rent because I have to cover the health of my daughters I ask you to vote YEShe bill 16-23 thank you!!

MARYLAND BUILDING INDUSTRY ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

March 28th, 2023

Hon. Evan Glass
President, Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Testimony in Opposition – Bill 16-23 Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

Dear President Glass and Councilmembers:

The Maryland Building Industry Association ("MBIA") representing over 1,000 member companies across the state of Maryland is submitting testimony in opposition of Bill 16-23, which would prohibit a landlord of a rental dwelling unit from increasing a tenant's rent more than the maximum allowed. Under Bill 16-23, the maximum allowance for a rent increase is up to 3% or the rental component of the Consumer Price Index (CPI) percentage, whichever is lower. The increase may only occur once within a 12-month period and the landlord must provide at least a 90-day notice before increasing the rent.

MBIA opposes any form of rent control as it places a constraint on the current housing stock and disrupts the economic viability for many housing providers in the jurisdiction. However, anti-rent gouging legislation may be a long-term and sustainable solution to the issue of excessive rent increases. Bill 16-23 would set a terrible precedent in terms housing supply and long term affordability. MBIA supports efforts to address rising housing costs that outpace income growth, but solutions should be aimed at increasing housing supply rather than controlling rent prices. Rent control is an ill-advised housing approach with a well-documented track record of compounding housing affordability issues, constraining housing supply, and diminishing housing conditions.

Instead of producing or facilitating the development of new housing, it deters property owners and lenders from investing in new multifamily housing construction and fails to provide targeted benefits to those who need it most. Housing providers rely on rent as the single source of revenue used to cover all operating expenses, including mortgage payments, payroll, taxes, utilities, business licenses, insurance, general maintenance, and major capital improvements. Unexpected cost increases may only be managed through increases in rent, service reductions to residents, or deferred maintenance and major repairs. To put these fiscal pressures in perspective, WSSC has implemented a rate increase for fiscal year 2023, the Public Service Commission authorized a $52 million revenue increase and corresponding rate increase, and the county Building Energy Performance Standards (BEPS) which will take effect at the end of this year will require largescale retrofits and expensive capital improvements to meet compliance requirements. Additionally, the proposed FY24 calls for a 10 percent property tax increase, which will

only add to the rising operating expenses are in addition to increased labor costs related to labor shortages and wage inflation.

Alternatives for addressing rising rents are stimulating the housing supply through direct financial assistance to residents in need, increasing purchasing power, and expanding the housing supply in local markets. MBIA supports any measure that uses county resources to fund a rental assistance program targeted to renters in need or experiencing financial hardship. This provision in the bill is critical to supplementing high rental payments for renters struggling to make ends meet. Rental assistance will also alleviate the housing providers suffering from high delinquencies in the County.

We appreciate the intent of the sponsor to combat rising costs, as well as the opportunity to provide input. But for the reasons stated above we are unable to support the proposed legislation. We look forward to working with the council in addressing housing issues and ask for an unfavorable report on Bill 16-23.

Please reach out to Griffin Benton, gbenton@marylandbuilders.org with any questions or comments.

I reside in District 3

I am a high school student in MCPS and attend Paint Branch high school. The HOME act is incredibly close to me and essential because it helps provide stability for students around the county, and allows them to be as successful as they can truly. Please pass this act so we can have a future where we are safe, protected, and successful.
Thank you!
Hanan Jazouli

My name is Harold Hill.

I'm a Burtonsville renter and a community dad with two little ones of my own. I've also talked with hundreds of renters as a community builder with Everyday Canvassing and Impact Silver Spring.

At the beginning of COVID I lost my job which resulted in being nearly evicted multiple times from Woodvale Apartments in Briggs Chaney.

Eventually, a judge ruled that I was to be evicted from Woodvale apartments. Thankfully, the county paid the security deposit and three months rent for a new apartment in Burtonsville.

But what I learned through my experience of losing my job, getting eviction notices, and my knocking doors in my community is that when you're already at the edge like I've been, I think it's a slap in the face to up someone's rent when living conditions haven't been maintained to BASIC standards. Pests, mold. What are we paying for? When you get a $100 dollar increase (that's 5% of 2000 dollars a month by the way), it's the difference between getting gas to drive to my job, and losing my job, on top of the fact that my living conditions haven't been raised to basic standards

That $100, is the difference between hungry, crying children, and healthy, curious little ones.

It's the difference between my primary care doctor saying I've got stress stomach ulcers, and saying see you for your next yearly visit Harold.

If my rent increases by 3%, I can manage. But 8% and CPI? I suppose if CPI stands for "Can't Pay It."

Dear Montgomery County Council,

My name is Hugo Argeta. I am an Emigrant and I have lived in Silver Spring for 9 years. I am writing to ask for your support of Rent Stabilization Bill 16-23: MoCo Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Many times tenants are forced to leave due to excessive rent increases, it hurts not only that particular tenant, but all of us. The children's study is destabilized by the change of school when families are forced to move. Jobs are lost when tenants move far away to pay rent. Communities are uprooted when tenants can no longer stay in homes they may have occupied for years.

Councilors and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

Sincerely,
Hugo Argeta

Estimado Consejo del Condado de Montgomery,

Mi nombre es **Hugo Argeta** Soy Emigrante y vivo en Silver Spring desde hace 9 años. Le escribo para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23: Ley de Oportunidades de Vivienda, Movilidad y Equidad en MoCo. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Muchas veces los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. El estudio de los niños se desestabilizan por el cambio de escuela cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.
Señores Concejales y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

Atentamente,

Hugo Argeta

Dear Montgomery County Council,

My name is Javier Alvarado. I am a Montgomery County resident and a father of two. I live at Rock Creek Woods apartments in Rockville, MD. I work in painting and remodeling of houses and apartments. Having knowledge and procedure of apartment maintenance, it does not take experience in this job to realize that the conditions at Rock Creek Woods are inhumane.

The problems of this property are not recent. My family and I have lived under deplorable conditions for 6 years. These conditions include mildew, plumbing issues, roach, and rat infestation, next to no maintenance, and more. As a result of the mojo problem and the infestations, we have had respiratory problems, since my son and I suffer from asthma. We cannot cook or eat at home for fear of cockroach contamination. My children do not deserve to live in a place where they cannot play or eat because of these problems. With the rent increase of more than 5% and the rental prices too high, it makes it impossible for us to move and forces us to stay in inhumane conditions.

I am in favor of this Law, and I am writing to ask for your support for the Income Stabilization Bill 16-23; Montgomery County Housing, Mobility and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of the current rent for the next 12 months.

Our families deserve better!

Children deserve better!

Montgomery County residents deserve better!

We deserve a YES vote on the Home Law, Bill 16-23!!

Thank you in advance for your time,

Javier Alvarado

[redacted]

Estimado Consejo del Condado de Montgomery,

Mi nombre es Javier Alvarado. Soy un residente del condado de Montgomery y un padre de dos. Vivo en los apartamentos de Rock Creek Woods en Rockville MD. Trabajo en pintura y remodelacion de casas y apartamentos. Teniendo conocimiento y el procedimiento de el mantenimiento de apartamentos, no se necesita experiencia en este trabajo para darse cuenta que las condiciones de Rock Creek Woods son inumanas.

Los problemas de esta propiedad no son recientes. Mi familia y yo tenemos 6 anos de vivir bajo condiciones deplorables. Estas condiciones incluyen mojo, problemas de plomeria, infestacion de cucarachas y ratas, mantenimiento casi inexistente y mas. A consecuencia del problema de mojo y las infestaciones hemos tenido problemas respiratorios, ya que mi hijo y yo padecemos de asma. No podemos cocinar o comer en casa por miedo a la contaminacion de las cucarachas. Mis hijos no merecen vivir en un lugar donde no pueden jugar o comer a causa de estos problemas. Con el aumento de renta de mas del 5% y los precios de alquiler demasiado altos, se nos hace imposible mudarnos y nos obliga a permanecer bajo condiciones inumanas.

Estoy a favor de esta Ley y les escribo para pedir su apoyo al Proyecto de Ley de Estabilizacion de Renta 16-23; Ley de Oportunidades de Vivienda, Movilidad y Equidad en el Condado de Montgomery. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Nuestras familias merecen mejor!

Los ninos merecen mejor!

Residentes de el condado de Montgomery merecen mejor!

Merecemos un voto SI a la Ley Home, Proyecto de Ley 16-23!!

Ante mano gracias por su tiempo atentamente,

Javier Alvarado

13208 Twinbrook Pkwy Rockville MD 20851

240.665.0928

EN Apoyo a Ley de HOME ACT.

Estimado Consejo del Condado de Montgomery,

Mi nombre es Jennifer Santana. Soy de la República Dominicana y soy residente de Silver Spring. Soy esposa y madre de tres hijos. Estoy aquí para apoyar el Proyecto de Ley de Estabilización de Renta 16-23, conozco de primera mano las dificultades de no tener un techo seguro y digno para tu familia.

Muchas familias perdieron sus trabajos y horas de trabajo durante la pandemia, y mi familia no fue la excepción. Tuve que quedarme en casa para cuidar a mis tres hijos, obligándonos a tener una sola fuente de ingresos: la de mi esposo.

Doy gracias a DIOS por la oportunidad de solicitar fondos de asistencia de alquiler; afortunadamente, cumplimos con todos los requisitos y calificamos para el alivio por unos meses. Esa asistencia de emergencia para el alquiler nos permitió mantener un techo seguro sobre nuestras cabezas y ayudó a controlar el hambre cuando no podíamos comprar alimentos porque todo se destinaba al alquiler.

Ayudó a aliviar la incertidumbre y la ansiedad del mañana. Pero, lo más importante, permitió que nuestros niños fueran a la escuela sin temor a ser desalojados y sin tener un techo sobre sus cabezas. Esta financiación fue un salvavidas para mi familia.

Cuando pensamos que nuestros mejores días estaban por venir, recibimos un aumento de alquiler del 7%. Estamos haciendo todo lo posible para mantenernos a flote y llegar a fin de mes. Sin embargo, tememos futuros aumentos de alquiler. Cuando escuchamos que CASA estaba trabajando junto con los concejales Will Jawando y Kristin Mink para aprobar una estabilización significativa de la renta, me invadió la esperanza.

Queremos que nuestros hijos crezcan y prosperen aquí. Queremos jubilarnos aquí. Pero, sin ninguna protección contra los aumentos de alquiler, tememos que comunidades como la mía se extingan. ¡Es por eso que apoyamos THE HOME ACT!

Las comunidades de color como la mía necesitan estabilidad y previsibilidad. Y les pido su compromiso de apoyar políticas que ayuden a proteger a las familias afrolatinas como la mía. ¡Pasa el ACTO DE CASA YA!

Gracias.

Jennifer Santana

IN Support for HOME ACT!

Dear Montgomery County Council,

My name is Jennifer Santana. I am from the Dominican Republic and am a Silver Spring resident. I am a wife and mother of three children and writing to suppor the HOME ACT. I know firsthand the difficulties of not having a safe and dignified roof for your family.

Many families lost their jobs and working hours during the pandemic, and my family was no exception. I had to stay home to take care of my three children, forcing us only to have one source of income: my husband's.

I Thank GOD for the opportunity to apply for rental assistance funds; fortunately, we met all the requirements and qualified for relief for a few months. That emergency rental assistance allowed us to keep a safe roof over our heads and helped curb our hunger when we couldn't afford food because it went all toward rent.

It helped put to ease the uncertainty and anxiety of tomorrow. But, most importantly, it allowed our children to go to school without fear of getting evicted and not having a roof over their heads. This funding was a lifeline for my family.

When we thought our best days were ahead, we received a 7% rent increase. We are doing everything possible to stay afloat and make ends meet. However, we fear future rental increases. When we heard that CASA was working alongside council members Will Jawando and Kristin Mink to pass meaningful rent stabilization, I was overwhelmed with hope.

We want our kids to grow up and prosper here. We want to retire here. But, without any protection from rent increases, we are afraid communities like mine may become extinct. That's why we support THE HOME ACT!

Communities of color like mine need stability and predictability. And I ask for your commitment to supporting policies that help protect Afro-Latino families like mine. Pass the HOME ACT NOW!

Thank You.

Jennifer Santana

[redacted]

March 21st, 2023

100 Maryland Ave,
Rockville, MD 20850

Dear Council,

My name is Jessica Guerrero. I am a Montgomery County resident and a mother of two. I reside in the Rock Creek Apartments in Rockville. If the complex sounds familiar, it was the site of a flash flood that displaced 150 tenants and claimed the life of a young man who saved his mother from certain death.

Aside from the tragic flood incident last year that had multiple warning signs, my family and I, along with my fellow neighbors, have been subject to deplorable conditions. But this is nothing new. These are ongoing maintenance issues that tenants have long been fighting well before the pandemic. These issues include mold, mice and cockroach infestation, plumbing issues, and much more. Too often, our concerns go unheard, leaving many of us to accept living in hazardous health conditions. Many of us, including my family, have children with asthma who cannot be subjected to dangerous health conditions.

But with **soaring rental prices** and minimal affordable housing, most black and brown communities like mine have no choice but to stay, leaving our fate in the hands of our landlord. The worst part is that our landlord has raised our rent by an average of 4-7%. So we are paying nearly $2,000 monthly to live in deplorable conditions. **THAT IS NOT JUST!**

I am writing to say that black and brown communities like mine deserve better!

Immigrant communities deserve better!

Families deserve Better!

And above all else! Our Children deserve better!

The county must stop failing its residents when they need government the most.

I stand with hundreds of renters who say THE TIME IS LONG OVERDUE FOR PERMANENT RENT STABILIZATION! I urge all of you to Support **Bill 16-23**. The bill is reasonable and would bring much-needed relief and stability to many families.

Sincerely,

Jessica

I have been a resident of Montgomery County, MD since 2013. In 2022, Montgomery County's Voluntary Rent Guidelines (VRG) recommended a rent increase of .4%, my rent was increased 10%, 25x more than what was recommended per the VRG. This is completely unacceptable and the Council must act to prohibit such wild deviations from the VRG.

I urge all Montgomery County Council Members to support Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act) to prevent landlords in Montgomery County from raising rent by 25x what the VRG recommendation is.

Thank you for your consideration.

Jodie Jackson

Jo_Shifrin_Bill # 16-23_Support
Hearing Date: March 28, 2023
Jo Shifrin
Bethesda, MD 20817

TESTIMONY IN SUPPORT OF Bill # 16-23 The HOME Act

TO: Council President Glass, Vice President Friedson, and members of the County Council

FROM: Jo Shifrin

OPENING: **My name is Jo Shifrin. I am a resident of Bethesda, in County District 1. I am submitting this testimony in support of Bill # 16-23, The HOME Act.**

First, I'd like to thank Councilmembers Jawando and Mink who are sponsoring this bill.

I am a retiree, a Jew, and someone who has been interested in housing as a public health issue for years. There are many Jewish values that provide a moral framework within which we, as a society, should live. Two of these values are: 1) Treat people the way that you would want to be treated; and 2) try to make the world more fair and equitable, helping everyone to get what they need to live a safe and healthy life.

Stable and safe housing is a basic human right. It is a requirement for a healthy society and for reducing racial inequities. Montgomery County rents are extremely high. And allowing them to increase by 8% or 10% or more per year is a recipe for massive evictions. More than one third of the county's 1.1 million residents are renters and 50% of them are cost-burdened, spending 33% of their income or more on rent.

Economic instability –which was exacerbated by the Covid-19 pandemic– continues to threaten thousands of Montgomery County families. Emergency rental assistance had helped thousands of Montgomery County households to avoid eviction. However, now renters are once again struggling to regain economic self-sufficiency, but they are hampered by skyrocketing rents. With unemployment and underemployment still an issue, allowing rents to be increased substantially will only generate more evictions. Evictions mean:

- Children may not be able to continue their education in the same school
- Personal belongings –furniture, clothing, family treasures, etc.-- may be lost
- Homelessness will increase, leading to a rise in health problems in the community

The HOME Act, Bill #16-23, will provide us with rent stabilization, an annual limit on rent increases. While limiting those annual increases to a more manageable and predictable amount, it will still allow landlords to apply for rent increases above the annual limit for capital improvements. This bill protects developers by exempting new construction, and exempts

deeply affordable housing and places of worship. Bill #16-23 will allow renters to plan for increases. The bill will reduce the number of families who face evictions, displacement, and homelessness, thereby improving the health and well-being of children, families, the disabled, and those on a fixed income. And it will fund the construction and/or preservation of affordable housing, something this county needs a lot more of.

I urge the County Council to support Bill #16-23.

March 28, 2023

Julia Sarmiento
Olney, Maryland

TESTIMONY IN SUPPORT OF Bill 16-23 Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

My name is Julia Sarmiento. I am a Tenant Services & Eviction Prevention Program Manager in Montgomery County. I am submitting this testimony in support of the need for rental control in Montgomery County.

At LEDC, for over 30 years, we have worked to help low-to-moderate income Latino and other DC residents buy and stay in their homes, join with neighbors to keep their rental housing affordable, and start or expand small businesses. In Montgomery County, I have seen a rise in evictions due to many factors including rising rent costs.

Rental control is necessary to keep families in their home. I have seen how without these regulations, the power that landlords have goes unchecked. The children of families who are displaced must readjust to life in a new place and are often traumatized from the eviction proceedings. **Last week, there were 89 evictions filed in Montgomery County**. This violence can be prevented by passing legislation that places a cap on how much landlords are able to raise rent in addition to CPI-U inflation, like bill 16-23.

Most recently I worked with a family where only one parent is able to work. The family has three children and one of the kids has a disability and requires 24/7 attention. The mother is a stay-at-home parent taking care of the 3 children but as a result of only having one income, they are unable to pay the full rental amount. When their lease expires and the rent is increased, the family can face eviction.

We also heard from a family who received a notice to vacate because the landlord increased their rent and unfortunately the family was unable to pay the new rent amount. They fell behind on rent and now the landlord is using the situation to evict the family. Rent became unaffordable for the family and now they are at risk of losing the stability of a roof over their head.

In FY 22, LEDC helped **890 tenants** in Maryland receive one-on-one support with applications for rental assistance and accessing other critical resources to prevent eviction and meet basic needs. Families will continue to become displaced if legislation is not created to prevent rental prices from skyrocketing.

Bill 16-23 addresses the much-needed rental inflation protections for families in Montgomery County who have seen record numbers of evictions and shelter occupancy rates as rental prices become increasingly unaffordable. Placing a 3% cap on the rental component of the Consumer Price Index (CPI) percentage will help keep Montgomery County residents in their homes. **I respectfully urge this committee to return a favorable report on Bill 16-23.**

Katerine Bravo Testimony HOME ACT

Esteemed Montgomery County Council, my name is Katherine Bravo, I am 35 years old and I am from Peru. I live at 14110 Grand pre Rd. 20906. I have resided in Montgomery County for 22 years. I am a single mother of a 12-year-old girl. I work cleaning houses. I received a 6% increase on my rent and for that reason I want to ask for your support on the Bill 16-23: Home Opportunity and Mobility and Equity Act.

This act will bring more equity and opportunities to low-income families. A 3% increase is more reasonable and helpful for them. With high increases, tenants are forced to move, change jobs and children would need to change schools as well.

Since the pandemic starter, my work hours have been reduced, I have made many sacrifices and have many needs. I had to apply to receive rent assistance because I did not have enough money to pay for rent. For those reasons, we need for you to vote "YES" on the Bill 16-23: Home Opportunity and Mobility and Equity Act.

Ken Lemberg
Silver Spring resident

In Support of the HOME Act, Bill 16-23

My family of three have been long time renters in Montgomery County, in the Summit Hills community of Silver Spring. We are not in a financial position as of yet to buy property. We purposefully signed a two-year lease to keep the rent stable over that time. Soon, when it is time to consider renewal, we will be watching what the rent increase might be - in order for us to stay, we hope the rate stays below 3%.

On state and county government salaries, we are not affluent and need minimal rent increases to continue residing in this area. The HOME Act, Bill 16-23, caps rental increases to reasonable levels (up to 3%). We do not want to leave our home. We also do not want to see a displacement of diverse populations that would otherwise have to seriously consider moving out of this area in the county.

Now is the time to focus on real rent stabilization! We want residents of various income levels to be able to live, work, and play here - as the county is in a great central location in the metro area.

Montgomery County Council

Date: March 28, 2023

Bill: Bill 16-23 - Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

Position: Unfavorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose membership consists of owners and managers of more than 207,246 rental housing homes in more than 937 apartment communities. Our members house over 667,000 residents of the State of Maryland throughout the entire State of Maryland. MMHA membership also includes more than 216 associate members that supply goods and services to the multi-housing industry. More information is available at https://www.mmhaonline.org/

I. Summary

16- 23 generally prohibits a landlord from imposing a rent increase of more than 3% per year. Imposing a 3% limit on rent increases ignores serious challenges within the housing provider community. The inflation surge that has persisted most of the last two years requires providers to raise rents to cover the cost of spiking wages, property taxes, insurance, and maintenance. For instance, MMHA's members have seen an average increase of 6.2% in operating costs.

Moreover, rent control measures have proven ineffective at creating long term affordable housing options. In fact, rent control policies are notorious for having deleterious effects on housing markets and local economies.

II. Rent Control's History and Failures in Maryland

Rent control began before the Second World War, but became popular in the 1970's. As rent control gained favor over the next two decades, it purported to assist individuals with lower incomes. However, these policies had disastrous effects, which ultimately led to their repeal or replacement.

Montgomery County attempted rent control twice. Once from 1973-1977, and again from 1979 - 1981. A report from Towson University noted that during this period, "sales prices for apartment buildings fell substantially, and essentially no new units were constructed or planned for development, despite very low vacancy rates."[1]

[1] Regional Economic Studies Institute of Towson University, Economic and Fiscal Impacts of Rent Control Legislation in Montgomery County, Maryland, June 19, 2015.

Despite the policy's negative impacts, Takoma Park chose to implement its own rent control policy. The same study from Towson found that, "Following the expiration of Montgomery County rent control in 1981, [Montgomery] County property values increased substantially, while Takoma Park values remained stagnant."[2]

More recently in 2020 when Montgomery County's Office of Legislative Oversight (OLO) reviewed a rent control policy considered by the County, OLO noted, "Within the field of economics there is broad agreement that rent control and stabilization laws produce negative economic consequences. Housing analyst Lisa Sturtevant succinctly summarized the consensus in the field: 'Economists nearly universally agree that rent ceilings reduce the quantity and quality of housing and that even more moderate forms of rent stabilization have efficiency challenges and negative housing market impacts.'"[3]

As part of their review, OLO reviewed median effective rent changes in Montgomery and Prince George's County, as compared to their Washinton D.C neighbor who instituted rent control in 1985. Based on the data provided in the report, rent in both Montgomery and Prince George's Counties showed a slower increase than rent in Washington, D.C. over the past 20 years. As OLO notes, "None of this general data indicates that rents are increasing rapidly in Montgomery County…" Moreover, Washington, D.C.'s rent control law resulted in the 3rd highest rental prices in the country, and a severe housing shortage. Confirmed by decades of economic research, Washington D.C.'s results mimic other cities that have enacted forms of rent control.

Most Americans reside in locations with no rent control. In these locations, the regulatory atmosphere encourages tenant bargaining power and continuous maintenance and renovation of properties to meet market demands. Simply stated, this atmosphere does not exist in locations with rent control. According to a 2019 National Multifamily Housing Council survey, 34 percent of property owners that operate with rent-controlled locations have already reduced investment or development and 49 percent are considering doing so moving forward.[4] This evidence aligns with the basic economic tenet that government price controls reduce revenue and incentivize investors to look elsewhere.

III. Negative Community and Economic Impact

When considering a potential rent control policy in Montgomery County, researchers from Towson University estimated that the County would experience annual tax revenue *losses* of $46.1 million in 2020, increasing to $101.3 million per year by 2025; and a ten-year total tax revenue loss of $538.5 million. Further, the report noted that the State of Maryland would likely experience a direct $327.8 million loss in revenue during the same ten-year period due to unrealized sales and income tax.[5]

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[2] Id.

[3] Montgomery County Office of Legislative Oversight, *Economic Impact Statement, Bill 52-20*, 2020.

[4] National Multifamily Housing Council, *Rent Control: A 2019 Recap and a 2020 Look Forward*, (Jan. 15, 2020).

[5] Regional Economic Studies Institute of Towson
Universi
vity, *Economic and Fiscal Impacts of Rent Control Legislation in Montgomery County, Maryland*, June 19, 2015.

Taxes are not the only casualty of rent control policies. As the Towson University report notes, the economic ripple effect of Montgomery County's policy would have resulted in losses of income, foregone construction projects, and reduced employee migration. Based on an econometric model, the report estimated that 70,900 jobs would have gone unrealized, the county would have experienced a $10.4 bill loss of economic output, and workers would have experienced a loss of $5.4 billion in wages.[6]

IV. Conclusion

While well intentioned, rent control policies like 16-23 produce consequences that harm both tenants, housing providers, and communities. For the foregoing reasons, MMHA requests an unfavorable report.

Lauren C. Graziano, MMHA Senior Government Affairs Manager, 518.522.3529

[6] Id.

Dear Council,

My name is Liliana Velasquez, and I have been a resident of Montgomery County for 3 years. I live at 2305 Georgian Way.

It is challenging to pay a percentage of 5% rent increase. Unfortunately, I don't have job stability to help my husband, who only has 3 days of work in a restaurant. The situation is challenging for us because we have a young girl who, when I get a day or two to clean a house, I cannot take the jobs because it would cost me my entire earnings and more to put her in childcare.

If rent continues to increase the way that it is, I do not know how we will sustain ourselves. Food and day-to-day cost are up. Salaries do not go up the way rent does. Anytime our wages increase, high rent prices, utilities, and the cost of goods offset it. I am writing this letter because we need a Rent Stability badly.

During the pandemic, we sought relief, knowing that our rent would not exceed 1.4%. Without permanent Rent Stabilization, I'm afraid our dreams of our daughter going to a good school here will disappear. The situation is such that we are currently looking for another home outside of Montgomery County.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo.

Please help us and take into consideration families like ours.

Liliana Velasquez
[redacted]

My name is Lily Byrne and I have lived in Montgomery County, MD my whole life. I am a graduate of Blake High School and the University of Maryland, College Park. Today, I live in downtown Silver Spring near the Blair Apartments. As a recent college graduate, I am working hard to save for the future. Rent is my biggest expense, and I cannot afford for my rent to increase. For me, a rent hike would mean fewer groceries, less heat in the winter months, and limited AC in the summer to save money.

The HOME act would protect Montgomery County's residents from rent hikes and aggressive landlords who believe they can take advantage of our community and we will not fight back. Please consider passing the HOME act and protecting your constituents through rent stabilization.

Luis Joya Gusman Testimony HOME ACT

Esteemed Montgomery County Council, mi name is Luis amoya gusman. I am from El Salvador. I am 55 years old, and I have lived in the County for 16 years. My address is [redacted]

I am writing you to ask for your support on the Bill 16-23: Home Opportunity and Mobility and Equity Act. This act can help people who are having difficulties paying their rent increases. Many of us have not been able to work at the same level as we worked prior to the pandemic. Many people have been affected by the side effect of the virus as well. I am thankful because I have been sick in bed many times, but it has not been due to the virus. I suffer from an illness where I must get dialysis treatments 4 times a week. The medical expenses are expensive, and I have not been able to have a stable living situation.

Yet, the pressure to pay the rent has made things more difficult. I lost my job a year ago due to the dialysis treatments. I have been able to find a few jobs with a few hours but due to my condition not many people want to hire me. I ask you to please vote “Yes” to the Bill 16-23: Home Opportunity and Mobility and Equity Act. Thank you!

Dear Council,

My name is Luz Castro. I am a proud Colombian CASA member and a single mother of three beautiful children. I am also a district 6 resident.

I recently received a 5% rent increase.

As a housecleaner who makes a modest living, I must work long hours and overtime to meet my basic needs. While a 5% rent increase may not seem that much to most, the impact that it has had on my economic and financial stability has been catastrophic.

I have a boy with special needs who needs to see a specialist weekly. To ensure we have a roof over our heads, I must shift funds around to ensure the rent gets paid on time. However, that comes with a cost, as it often takes away from food, clothes, utilities, and much-needed medical attention for myself and my son.

Unfortunately, with nowhere else to turn, those with the fewest options are left with the least opportunities. And for me, that may mean moving out of Montgomery County if rents are not reasonably capped.

I request your support of **Rent Stabilization Bill 16-23**: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount. There is a reason why the community and over 25 organizations support it.

Firstly, it would provide renters economic stability, transparency, and predictability, helping them get the peace of mind they need to plan for other expenses and invest elsewhere in our economy.

Second, it would prevent involuntary displacement and homelessness by ensuring those most rent-burdened can retain their homes yearly.

And

Third, it would help to promote racial equity.

The HOME ACT strikes an ideal middle ground by helping to protect tenants from extreme rent hikes while also ensuring that landlords can still make reasonable increases in their Rent.

Just as landlords demand stability, predictability, and a reasonable rate of return, we, as renters, deserve the same.

Dignified housing, affordability, and above all else, stability.

Sincerely,

Luz Castro

Mara Greengrass
Rockville

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23

My name is Mara Greengrass and I'm a resident of District 6, where I live in the fabulous neighborhood of Randolph Hills. I'm testifying in support of the HOME Act, Bill 16-23, because I believe all of our neighbors need stable housing and predictable rent increases that won't force them to constantly move or even become homeless.

I'm asking the council to pass a rent stabilization bill that caps rents at 3%, because a huge percentage of Montgomery County is already rent-burdened. My husband and I were lucky to buy our home over 20 years ago at an affordable price, but we could never afford rent or a new mortgage here now. And as we send our daughter off to college in the fall, we know that unless things change, she'll never be able to rent a place to live in the county she grew up in.

Rents here are already too high and even a small increase will unhouse families that are living on the edge. When rents jumped after the voluntary rent guidelines expired, how many people accepted an increase and paid for it by stopping a needed medication? Or buying less healthy food? Or cramming more people into their home in order to cover rent? And how many people simply gave up and left the county, either to find jobs elsewhere or add long commutes to their days?

Montgomery County can and should do better than a bill that would allow increases of over 12% this year. For someone making a $15 hourly wage and paying $1,500-$2,000 a month, that would require an extra 12-16 hours of work. I don't know about you, but I don't know how I would manage 12-16 more hours of work every month.

We have the opportunity to protect our most vulnerable populations with the HOME Act, which encourages housing development by exempting new construction from the rent cap for 10 years and keeps people in their homes right now. Stability and predictability will help landlords *and* tenants and it's the right thing to do. Please vote for the HOME Act.

Dear Councilmembers,

My name is Maria Enriquez. I am a proud immigrant from Mexico and a proud Montgomery County resident that has spent the last 25 years calling this place home. I am also one of your constituents. As a mother of two children, I had never had problems paying my rent until the pandemic.

When the pandemic came, I began losing my cleaning jobs and could not pay my rent and utilities on time. The accumulation of late fees worsened the situation, which put me in a difficult financial situation. In my case and many tenants in my neighborhood, being late on rent has led the management company to ignore fundamental housing rights. When we found protection with the emergency rent stabilization, many management companies, including mine, found a way around the rent cap by creating new and absurd charges.

Many families have not recovered from the pandemic. Many are still looking for jobs and sacrificing other necessities to pay rent. I am requesting your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

The HOME ACT will help stabilize rents for my community and me and protect me from miscellaneous fees and costs that many management companies are implementing. For this reason, I am writing a letter of support for Bill 16-23.

Sincerely,

Maria Enriquez

Estimado concejal Mink,

Mi nombre es María Enríquez. Soy un inmigrante orgulloso de México y un residente orgulloso del condado de Montgomery que ha pasado los últimos 25 años llamando hogar a este lugar. Yo también soy uno de sus electores. Como madre de dos hijos, nunca había tenido problemas para pagar el alquiler hasta la pandemia.

Cuando llegó la pandemia, comencé a perder mis trabajos de limpieza y no podía pagar el alquiler y los servicios a tiempo. La acumulación de cargos por pagos atrasados empeoró la situación, lo que me puso en una situación financiera difícil. En mi caso y el de muchos inquilinos de mi barrio, el atraso en el pago del alquiler ha llevado a la empresa administradora a ignorar los derechos fundamentales de la vivienda. Cuando encontramos protección con la estabilización de alquiler de emergencia, muchas compañías de administración, incluida la mía, encontraron una forma de eludir el tope de alquiler creando cargos nuevos y absurdos.

Muchas familias no se han recuperado de la pandemia. Muchos siguen buscando trabajo y sacrificando otras necesidades para pagar el alquiler. Me emocionó que usted y el concejal Will Jawando presentaran un proyecto de ley que limitaría los alquileres al 3%. Este proyecto de ley ayudará a estabilizar los alquileres para mi comunidad y para mí, y me protegerá de tarifas y costos diversos que muchas empresas de administración están implementando. Por esta razón, estoy escribiendo una carta de apoyo al proyecto de ley 16-23.

Atentamente,

María Enríquez

Dear Montgomery County Council,

Good evening, my name is Marie Solange, I'm a mother of 3 daughters, I live in Montgomery County, and I'm a part-time support of people living with disabilities in Rockville with Community Options Inc.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

For me, rent stabilization contributes to the improvement of living conditions because you can plan all the expenses in advance, which will certainly save you from certain ailments caused by stress.

I live in an apartment that I was paying at $1749, I received a notification at the end of 2022 that my rent went to $2099 at the beginning of this year without having a stable income. My children are not with me in addition, they lost their dad in September 2022, how am I going to have to pay for their schooling with my modest income, since the beginning of the year it has been some members of my family who have paid for their food, clothes and their health problems, how long will they do it? I don't know!!!!

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Marie Solange NGOUEKO Epse DJUITCHOKO
[redacted]
[redacted]

Dear Montgomery County Council,

My name is Marjorie Gomez and I am a resident of Montgomery County. My country of origin is Nicaragua where I migrated here with my only son 2 years ago. I am a Hotel housekeeper and have worked extremely hard to provide for my family and pay rent.

When I arrived here I was living with my family and thought I was in a safe environment. Little did I know that I would be facing horrible living conditions like mold, flooding and plumbing issues. We were painted a pretty picture of Montgomery County and thought it would be a wonderful place to start a new life with my family after having to practically escape from Nicaragua. Now trying to escape such deplorable, we have been displaced from our home due to an increase of our rent. My husband was still not in the United states and I couldn't pay 6% more for rent on my own. This caused me to be almost homeless with my 6-year-old son.

As a resident of Montgomery County I am writing to ask you for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

If this Bill was already in place, so many families like mine would not have had to go through such horrible injustices. Families wouldn't be forced to move or worry if they will even find a place to live. Our children should not have to experience these living conditions and become victims of the consequences of displacement due to rent increases causes.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Marjorie Gomez,

703 Robert Rd

Rockville, MD

240.392.7680

Mary Reardon, Mar 28, 2023, 11:22 AM
Council Chair Glass and Council Members:
Attached and below is my statement on rent stabilization for the written record.
TO: Council Chair Evan Glass and County Council Members
FROM: Mary Reardon
RE: Public Hearing Statement: Landlord-Tenant Relations - Rent Stabilization
DATE: March 28, 2023
My name is Mary Reardon. I live in Silver Spring and I'm a long-time civic activist. I'm on the board of Montgomery Preservation but I'm representing myself as an individual. I'm speaking in support of the HOME Act, and_against_ the "Anti Rent Gouging Bill"
For most of my adult life I was a renter, and I've organized tenants in several rental communities. I know how it feels to be on the edge of displacement.
Everyone deserves security in their home. It's unconscionable that many – or _any_ - of our fellow county residents live with the fear that a steep rise in rent could force them to seek housing elsewhere.
The so-called "Anti Rent Gouging Bill" would essentially confer legislative blessing on landlords to raise rents beyond affordability for many households. Other speakers have effectively made the case that an 8 percent increase, even before adding the inflation rate, would be a hardship for many families. I submit that this bill could be worse than no bill at all, and it's disappointing that any of our elected representatives would consider supporting it.
The HOME Act, on the other hand, takes an approach that is decades overdue. The bill is reasonable and fair to both tenants and landlords. Its 3 percent annual cap would provide permanent meaningful protection to tenants. Its provision for landlords to exceed that rate in a given year based on income and expenses would allow landlords to make a fair return and maintain their buildings.
I very much hope that the capital improvements, maintenance, renovation, and repair costs taken into account for a fair return would not include adding amenities to attract higher income renters. And I suggest that when legitimate landlord expenses lead to a higher rent cap, the County wuld provide rental assistance to tenants with difficulty meeting the increase.
Going forward, the County projects a need to build thousands of housing units to accommodate an expected rise in population. The call for more housing is frequent and strident. But if all that new housing includes little or no accommodation for moderate- and lower income tenants, what kind of community equity will we have?
Moreover, it is crucial to preserve the _existing_ affordable housing stock. The HOME Act will help, but the owners of affordable housing such as older garden apartments should have access to additional county financial incentives to maintain their buildings as well as their affordable rents. I also encourage the Council to explore opportunities to re-purpose various existing buildings for conversion to affordable housing.
Our County has waited far too long for legislation like the HOME Act, which is well thought out and fair to both tenants and landlords. Now more than ever, tenants need an effective bulwark against rent hikes that could mean displacement. The HOME Act answers this critical, urgent need; the "Anti Rent Gouging Bill" does not. I strongly urge Council Members to vote to enact the HOME Act.
Mareardon3@yahoo.com
Attachment(s):
Rent Stabil statement - Mary Reardon.docx - https://montgomery-county-md.zendesk.com/attachments/token/lZo5X1aUm2XI1f0GefFneyrj0/?name=Rent+Stabil+statement+-+Mary+Reardon.docx

Dear Montgomery County Council,

My name is Maryury Avila. I am from Honduras and a resident of Wheaton in District 6. I am also a lifelong CASA member. Many of you heard my story that council member Kristin Mink uplifted during the bill introduction hearing.

A few months ago, I was evicted from my home as my 5-year-old girl played innocently in the yard, not knowing what was happening. No words can describe the feeling other than that I had little value as a human being for the first time.

I fell behind on rent after an increase of only **6%**.

As a tenant who has experienced firsthand the challenges of finding affordable housing, I urge you to support the **Home Act**. This issue is critical for immigrant CASA members and low-income families like mine, who are often the most vulnerable to housing insecurity.

Excessive rent prices and gentrification have pushed families like mine out of our homes and communities for too long. As a result, many of us are forced to make difficult choices between paying rent, putting food on the table, or other necessities. This instability only exacerbates systemic inequalities and puts more pressure on already overburdened households.

By setting meaningful and reasonable limits on rent increases, we can ensure that families like mine have the security and stability we need to thrive. Additionally, by creating predictable and transparent rent increases, landlords can maintain profitability and provide quality housing without burdening tenants.

Along with hundreds of CASA members who reside here in Montgomery County, we must put people first.

Therefore, I request your wholehearted support for the HOME Act, Bill 16-23. Doing so, can help create a more just and equitable housing market that benefits all community members.
Thank you for your time and consideration.

Maryury

Estimado Consejo del Condado de Montgomery,

Mi nombre es Maryury Ávila. Soy de Honduras y residente de Wheaton en el Distrito 6. También soy miembro de CASA de toda la vida. Muchos de ustedes escucharon mi historia que la concejal Kristin Mink elogió durante la audiencia de presentación del proyecto de ley.

Hace unos meses fui desalojada de mi casa porque mi niña de 5 años jugaba inocentemente en el patio sin saber lo que estaba pasando. No hay palabras que puedan describir el sentimiento aparte de que tenía poco valor como ser humano por primera vez.

Me atrasé en el alquiler después de un aumento de solo el 6%.

Como inquilino que ha experimentado de primera mano los desafíos de encontrar una vivienda asequible, le insto a que apoye la Ley de viviendas. Este problema es fundamental para los miembros inmigrantes de CASA y las familias de bajos ingresos como la mía, que suelen ser las más vulnerables a la inseguridad de la vivienda.

Los precios de alquiler excesivos y la gentrificación han empujado a familias como la mía fuera de nuestros hogares y comunidades durante demasiado tiempo. Como resultado, muchos de nosotros nos vemos obligados a tomar decisiones difíciles entre pagar el alquiler, poner comida en la mesa u otras necesidades. Esta inestabilidad solo exacerba las desigualdades sistémicas y ejerce más presión sobre los hogares ya sobrecargados.

Al establecer límites significativos y razonables en los aumentos de alquiler, podemos garantizar que familias como la mía tengan la seguridad y la estabilidad que necesitamos para prosperar. Además, al crear aumentos de alquiler predecibles y transparentes, los propietarios pueden mantener la rentabilidad y brindar viviendas de calidad sin sobrecargar a los inquilinos.

Junto con cientos de miembros de CASA que residen aquí en el condado de Montgomery, debemos poner a las personas primero.

Por lo tanto, solicito su apoyo incondicional para la Ley HOME, Proyecto de Ley 16-23. Si lo hace, puede ayudar a crear un mercado inmobiliario más justo y equitativo que beneficie a todos los miembros de la comunidad.

Gracias por su tiempo y consideración.

Maryuri

Testimony of Michael Bodaken on Rent Regulation in Montgomery County.

My name is Michael Bodaken. I have lived in Montgomery County for over 30 years and very much appreciate the opportunity to speak to you this evening. I'm here in my personal capacity but should say that I have served as Deputy Mayor of Los Angeles where we had a rent stabilization ordinance and as head of the National Housing Trust where we developed over 3000 apartments during my tenure. I currently serve as an Adjunct Professor at the University of Maryland School of Public Policy. Tonight, I will pose and answer a few questions that justify the adoption of a rent stabilization ordinance in our county.

FAQs on Rent Regulations

Q: Does Rent Regulation lead to housing disinvestment?

A: Rent regulation has no discernible impact on new housing construction. And the booming real estate market in the metropolitan DC region shows no sign of slowing down.

Little evidence supports the theory that rent stabilization decreases housing production. The evidence shows that overall market conditions, interest rates, costs of materials, and zoning have much more influence over new housing supply than rent regulations. This is particularly the case in prosperous locations like Montgomery County

Thus, despite having had rent stabilization for nearly 50 years, Washington D.C. ranks 2nd out of 98 nationwide markets in multifamily development activity.[1]

The Washington, D.C. real estate market has been growing at a much healthier pace compared to most peer metros. Median home and rental prices have steadily increased since the pandemic real estate boom. Nearly 26,000 new multifamily units are projected to be completed by June 2022. The average rental price of multifamily units is $1,890 (September 2021) – a 5% increase year over year. [2]

Washington, D.C. has continued to experience high demand over the past year, even seeing occupancy increase year-over-year to 95.5%, a 0.2% increase. In 2021, over $9 billion in assets exchanged hands, eclipsing the previous 10-year high by over $2.4 billion. With prospective homebuyers being priced out of buying thanks to increasing interest rates due to rising inflation, rent increased across every submarket and property class throughout Washington, D.C.[3]

While some have suggested that rent stabilization in Takoma Park, Maryland has led to disinvestment there, I find that argument, not at all useful. Takoma Park is not a good proxy for

[1] Lima One Capital, 2022.

[2] Ibid.

[3] Summary of Washington DC Multifamily Real Estate Performance, Luke Williams.

Montgomery County, a jurisdiction covering nearly 500 square miles of land area and a population of over 1 million households;

Instead, I believe the experience of other, larger, vibrant metropolitan areas is more relevant to a discussion of rent regulation in Montgomery County.

Initially, it's worth mentioning that DC, Oregon, and California have adopted *statewide* rent regulation laws that have had no discernible impact on real estate investment in those jurisdictions. More relevant, study after study of rent stabilization laws in metropolitan areas have seen no discernible impact on housing investment.

Massachusetts: In an analysis of housing supply after the repeal of rent control in three Massachusetts cities—Boston, Cambridge, and Brookline—a 2007 study found that the end of rent regulation had a negligible effect on the construction of new housing. [4]

New Jersey: Multiple longitudinal studies comparing New Jersey municipalities with and without moderate rent regulation found no significant relationship between rent regulation and new housing construction.[5]

California: The Urban Displacement Project assessed housing production from 2007 to 2013 and found that the six cities with rent regulation in the Bay Area produced more housing units per cap than cities without rent stabilization.[6]

Q. Does Rent Stabilization Lead to Housing Stability?

A. Rent stabilization leads to housing stability. Housing stability is associated with better life outcomes for those who can stay in a home they desire.

Much has been said about the horrors rent stabilization will visit upon real estate investment in Montgomery County. *In stark contrast, little has been mentioned about the positive economic and social impact of rent stabilization on our County's residents.*

Notably, none of these outcomes were referenced in AOBA's 48-page report on the economic impacts of rent stabilization on Montgomery County.

[4] David Sims, "Out of Control: What Can We Learn from the End of Massachusetts Rent Control?" Journal of Urban Economics 61, 1 (2007): 141–142.

[5] John I. Gilderbloom and Ye Lin, "Thirty Years of Rent Control: A Survey of New Jersey Cities," Journal of Urban Affairs 29, 2 (2007): 213–214; Joshua Ambrosius, John Gilderbloom, William Steele, Wesley Meares, and Dennis Keating, "Forty Years of Rent Control: Reexamining New Jersey's Moderate Local Policies after the Great Recession," Cities 49 (2015): 128.

[6] Miriam Zuk, "Rent Control: The Key To Neighborhood Stabilization?" Urban Displacement Project, September 9, 2015

One often hears about the importance of housing stability in the promotion of homeownership. Indeed, housing stability is highly correlated with physical, social, and psychological well-being; higher educational achievement by the young; and benefits for people of color.[7]

Rent stabilization provides stability and affordability for current tenants. Tenants living in rent-regulated units move less frequently, are less likely to experience destabilizing forced moves and pay substantially less than tenants in non-regulated units of similar size and quality[8].

Further, rent stabilization disproportionately benefits those who need stable housing most: low-income tenants, seniors, people of color, women-headed households, persons living with disability and chronic illness, families with children, and others who have the least choice in the rental market and are most susceptible to rent gouging, harassment, eviction, and displacement. [9]

In contrast, housing instability can make it challenging to find and keep employment: people who experience eviction, for example, are up to 22 percent more likely to be laid off, even with a stable employment history. Displacement and the negative health impacts of housing instability lead to absenteeism, reduced productivity, and higher turnover—significant costs for employers. Unaffordable rents also hamper firms from attracting or retaining employees. Frequent moves lead to worse school and health outcomes. [10]

Q. Do low-income and minority rental households benefit from rent regulation?

A. Yes.

Critics of rent regulation often cite that rent regulation is not targeted to those needing household assistance the most, i.e., low income, disabled, senior, and/or minority households.

While it is true that rent regulation is not targeted to those in need, those benefitting from rent stabilization are primarily low-income minority households.

The demographics of rental households in Montgomery County make this plain.

- While constituting far less than these numbers in our overall population, nearly 60 percent of black and Hispanic household renters pay more than 30% of their income for rent.[11]
- Unsurprisingly, those who are low income are disproportionately represented in those who are cost-burdened. 72% of cost-burdened households earn less than 50% AMI

[7] Ibid.

[8] Our Homes, Our Future, February 2019 (PolicyLink).

[9] Ibid.

[10] Ibid and *Moving Matters*, U.S. Department of Education (2015)

[11] HAND Survey, 2022.

(~$70,000 for a household of 4). Nearly all (96%) of severely cost-burdened households earn less than 50% AMI.[12]

Thus, while rent stabilization is not a targeted program, in practice, those who will most benefit are those who are more rent burdened, i.e., African American, Hispanic, and low-income households.

Q: Doesn't Rent Stabilization lead to lower maintenance and poor housing conditions?

A: No

When assessing the impacts of rent stabilization on building quality, it is important to distinguish between cosmetic improvements in a building's appearance and functional maintenance issues that decrease quality of life (e.g., plumbing, electrical failures, wiring shorts, etc.). A study covering 1978-1987 in New York City found that landlords in rent-stabilized buildings conducted maintenance, whereas other economic factors such as buyouts and vacancy decontrol induced landlords to renovate. A study of the abrupt repeal of rent regulation laws in Boston, Brookline, and Cambridge, Massachusetts shows that rent stabilization had no significant effect on functional maintenance issues, but that units were less likely after repeal to experience "chronic aesthetic" problems (e.g., broken paint or plaster, holes in walls, and loose railings).there are not significant consequences, suggesting that many quality issues could be mitigated by stricter enforcement of housing code violations, rewarding landlords who invest in housing.

Q. Can't We Just Build More Housing?

A: Yes, we can and should build more affordable housing. But there is no way to "build" our way out of our current affordable housing crisis. Worse, the housing we build is not affordable to those most likely to be displaced by large rent hikes.

The theory of filtering is not borne out by data. A recent study shows that the United States lost nearly 4 million low-cost rental units (defined as under $600/month) from 1990 to 2017.[13]

This loss is despite a net gain of 10.9 million rental units during this time. Ninety-five percent of this net increase stems from units renting for over $1,000/month. If the filtering theory panned out, then this increase in high-rent units should have led to an overall decrease in rents—or at least a slower increase. But this has not been the case. In 1990, 46 percent of rental units

[12] Briefing on "The State of Affordable Rental Housing in Montgomery County", January 25, 2023.

[13] Elizabeth La Jeunesse, Alexander Hermann, Daniel McCue, and Jonathan Spader, "Documenting the Long-Run Decline in Low-Cost Rental Units in the US by State," Joint Center for Housing Studies of Harvard University, September 2019.

nationwide went for under $600/month (inflation-adjusted). In 2017, that number decreased to just 16 percent.[14]

In short, rent regulation, providing owners with a reasonable return provides both stability and affordability. *The stability and affordability provided by rent regulation would have cascading benefits for communities and our broader society.*

[14] Ibid.

8807 Colesville Rd, Lower Level
Silver Spring, MD 20910
(301) 298-5117
www.impactsilverspring.org

March 24, 2003

Testimony in Support of Bill 16-23: The HOME Act

Members of the County Council, Council staff and fellow residents. My name is Michael Rubin and I am privileged to serve as the Interim Executive Director at IMPACT Silver Spring. IMPACT's focus is to engage residents in efforts to help us achieve a more racially and economically equitable Montgomery County. Our network of individuals and families continue to struggle with the ongoing effects of the Covid-19 pandemic. I have heard so many heartbreaking stories of people who have fallen dramatically behind in their rent as well as many who kept their rent current, but needed to forgo spending on food or medication to do so.

We have a widening racial wealth gap in our nation and in our county, which is exacerbated by rents that increase at a pace that far outpace wage increases for so many. You have 2 bills before you that ostensibly will help stabilize these rising rents. Let me suggest that one of these bills, the Home Act, Bill 16-23, actually does so by limiting rent increases to 3% annually. The other, Bill 15-23 the so-called Anti Rent Gouging bill allows for double digit rent increases in these inflationary times. I know that at IMPACT, we struggle to provide annual salary increases of 3-4%. There is no way our staff who are renters could afford a rent increase this year of 10 %, 12% or greater as allowed by Bill 15-23. I am not suggesting that either bill will solve the racial wealth gap crisis but the HOME Act will slow the bleeding while the Anti Rent Gouging bill will dramatically worsen the crisis.

Montgomery County's Racial Equity and Social Justice Act demands that we pay attention to the racial equity and social justice impacts of bills that come before this body. It is very clear to me that the Home Act will do substantially less harm from a racial equity perspective than the Anti Rent Gouging Bill. You have an obligation to look at both of these bills through a racial equity and social justice lens. One of the them, the Home Act can survive such scrutiny, while the other, the Anti Rent Gouging Bill, fails miserably. I am actually fairly shocked by the number of cosponsors on Bill 15-23.

This is a case where doing the right thing, complying with the Racial Equity and Social Justice Act, and actually helping those who are struggling with rapidly increasing rents means simply passing the Home Act with it's 3% cap on rent increases with no weakening amendments. Thank you.

Dear Montgomery County Council,

Good evening, my name is Michelle Mbeume. I'm 30 years old, I'm an immigrant living in Montgomery County, I'm an unemployed young lady without a job who is trying to organize a life of her own.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

I understand rent stabilization as a policy of Montgomery County to stop Landlord abuse against renters.

For 2 years I have lived in a one bedroom apartment. The price was $1200 when I got in. To the beginning of this year the landlord has asked me to pay $1400 which corresponds to an increase of 14% that is enough and I can't afford

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Michelle Mbeume
[redacted]

Esteemed Montgomery County Council:

My name is Moises Lara. I am an immigrant and I live in Silver Spring for 5 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. The tenants deserve to know that if their rent is going to increase, it will be for a reasonable amount of money, no more than 3% of their actual rent for the next 12 months. Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Moises Lara

Dear Council Members:

My name is Nancy Abbott Young. I was born in Takoma Park and have been a Montgomery County resident much of my life. I am writing to support the Home Act (16-23) and to speak against the "Anti-Rent Gouging Protections" Bill (15-23).

In 2014, I moved into my apartment in Silver Spring so I could walk to my management job at Discovery Communications and enjoy the many advantages of living in downtown Silver Spring. Flash forward: Discovery moved out of Montgomery County. There was a pandemic. Downtown Silver Spring changed drastically.

Despite these problems, I have held onto my Colesville Towers apartment ... until now.

In June of 2022, I opted for a short-term lease. I immediately incurred a $200 per month rent increase (10%) by changing the term period of my lease. Six months later, in December, I received a second rent increase: an additional $150 per month! I was told by Ross Property Management that because I am on a *short-term lease*, they can increase my rent at any time, to any amount, in any percentage, without any notification. I'm currently appealing to OLTA for clarification regarding such outrageous rent increases on short-term leases.

Further, there are serious and ongoing issues with property maintenance and public safety. In sum, our rents are going up in our large multi-residential building but the quality of life is going down.

Long-term responsible tenants in downtown Silver Spring like me are now actively being pushed out of Montgomery County. Many of my neighbors in Colesville Towers, especially seniors, have already been driven out by rising rents, property management issues, and public safety concerns.

The Anti-Rent Gouging Protections 15-23 bill will only exacerbate these issues. **The Home Act 16-23 promises some hope to responsible renters *including many, many seniors*** who can no longer afford to absorb the cavalier rent increases being unjustly thrown at us in

Montgomery County during this difficult time under the ruse of increasing "affordable housing stock" in the abstract future.

Thank you for your consideration.

Sincerely,

Nancy Abbott Young
[redacted]

Good evening, my name is Nathan Feinberg. I am a livelong resident of Montgomery County and a high school math teacher in Montgomery County Public Schools. Some of the council members here tonight may remember the story of when our family was evicted from our basement apartment by this county, due to a negligent and illegally operating landlord.

I want to stress though that our story is not an aberration, but sadly an all too common tale for the working families in our county who are victims of an acute housing crisis. The reality is simply that most families in our position do not contact the County Council or the press, and are left to fall between the cracks. But I am not here to rehash my story. With the help of many friends and by the grace of God my family was able to make it through those troubling times and now own our own home in Silver Spring. I am no longer a renter, I do not come here to advocate for my own interests. I come here to speak on behalf of the countless other families who housing injustice everyday, and to fight for a day when no family is subjected to such preventable tragedies.

Because make no mistake, this housing crisis is not an act of God, it is a policy choice. A choice that members of this council before us today have to make. I can, and have, advocated for policies that would address the specific situation that my own family endured. Financing for small landlords to bring ADUs up to code followed by strict enforcement against illegally rentals. Incentives, rather than punishment, for renters who report violations. But tonight let us focus on the root cause. What drives so many families into the informal rental market? Why are thousands upon thousands of families in this county renting illegal, unsafe units that are freely and openly advertised on Faceboook, Craig's List an other spaces.

The root cause is simple: cost. Formal, safe, and legal rental options are simply too expensive for most working families. That is what drivers renters into the booming shadow market of illegal rentals; while further impoverishing those who do manage to stay in legitimate rentals. It is also what drives the under-reporting of safety issues at many lower end rentals even in the formal market. To borrow a phrase, the rent is too damn high, periodt. That is the problem.

In the work I have done organizing tenants in the greater Silver Spring area I have seen how acute the problem is, how cost concerns drive safety issues. We have talked to renters experiencing a myriad of life safety hazards from toxic mold growth to even gas leaks that go ignored and unaddressed by management. And there is a common refrain that follows: "But please don't report this to the county. I don’t want to get evicted. I can't afford to live anywhere else."

I spoke at a Renter's Town Hall organized by the Renter's Alliance on the issue of illegal and unsafe ADUs and what was being done to address the issue. The response was appalling. It's "buyer beware" I was told by a leader in the Alliance. If you're renting a unit off Facebook you should have known it was sketchy. A galling admission for someone who is supposed to advocate on behalf of renters. As the anecdote above and my own family's experience clearly show, this wildly misses the point. How can a buyer beware when they have so few affordable option available to them?

It is critical that this body understand that unaffordability breeds desperation. And desperation drives renters to accept living conditions that are hazardous to their health. How many more housing related tragedies must this country endure before we realize the driving force of our life safety issue is the affordability issue and the vulnerability which it inflicts upon families?

In closing I would like to highlight who we are talking about when we discuss these issues. We are not talking just about some college students looking for a cheap place, or young bachelors eager to move out of their parents' home. We are talking about the essential workers that make our lives possible. When families are evicted or face hazardous living conditions. When families forgo medicine and meals to pay their rent. We are talking about the people who care for and teach your children, who clean your streets and pick up your trash. The people that cook and prepare your food, deliver your groceries, and mow your lawn.

So when the Council Members gathered here tonight debate and vote on these bills to begin reining in the excessive and exploitative rent increases of recent years, these are the people I want you to have in mind. Can you look your child's teacher in the eye and tell them "I want to price you out of our community." Can you look your sanitation worker in the eye and say "Thank you for picking my trash, but you cannot stay here and live amongst us." If you cannot, then it is incumbent upon you to support, strengthen and pass the rent control legislation before you. And if you can, in good conscience, say these things, then may God have mercy on your soul.

Esteemed Montgomery County Council:

My name is Nivia Diaz. I am an immigrant and I live in Silver Spring for 6 years. I am writing to ask your support of Bill 16-23: Home Opportunity and Mobility and Equity Act. I live by myself; I have health issues and difficulty walking. I had COVID-19 last December and I was unable to work my regular hours. This affected my finances.

Many times, tenants are forced to go because of excessive rent increases, not only does that affect the tenant in particular, but all of us. Children's schooling is destabilized for having to change schools when families are forced to move. Jobs are lost when tenants have to move far away to more affordable places. Communities become affected when tenants are no table to remain in their homes that they have lived in for years. Councilmembers and rest of Community representatives please help us so that our proposed bill stays and is approved as this will benefit thousands of families. Thank you.

Sincerely,

Nivia Diaz

Dear Montgomery county council,

My name is oscar bravo. I am a 70-year-old adult from Peru and live at [redacted] I have been a resident of Montgomery county for 16 years. I work in house construction painting.

I am writing to ask for your support in the rent stabilization bill 16-23:

This will be an excellent opportunity for equity and mobility housing in the county since it will avoid the significant displacement in our community due to the high percentage of rent increases in the past year.

My wife and I are trying to survive because they increased our rent to 7%, and we are already too many adults. Moreover, it is difficult for us to find work since we have been very sick due to the pandemic, and we lost a few savings in our health since each checkup is very expensive, and I have only been able to support my wife.

I had an accident at work four years ago, but since I didn't have the resources to go to the doctor because I don't have health insurance, the appointments were costly, and I had to decide whether to pay for medical checkups or pay the rent.

I thank God that at least we were able to benefit from the funds they were giving to pay the rent, but I am very concerned about that other bill that would raise the rent too high, and we would have to move to a county where we can have a ceiling because, with the percentage that we already have, it was difficult for us to pay

I don't want to imagine how much more we must sacrifice to live in this county. I am a responsible person who pays his taxes and try not to get into trouble. Unfortunately, I have recently been diagnosed with dementia, which will significantly impact my ability to bring income in. I am very concerned about my wife, who is also sick, that is why I ask you for a YES vote on the law HOME bill 16-23: thank you, I hope you will side with the immigrant community, who are the most affected by not having legal status.

Oscar Bravo

Estimado consejo del condado de Montgomery,

Mi nombre es oscar bravo. Soy un adulto peruano de 70 años y vivo en 14110 grand pre rd silver spring 20906. He sido residente del condado de Montgomery durante 16 años. Trabajo en la pintura de la construcción de casas.

Le escribo para pedir su apoyo en el proyecto de ley de estabilización de alquileres 16-23:

Esta será una excelente oportunidad para la vivienda de equidad y movilidad en el condado, ya que evitará el desplazamiento significativo en nuestra comunidad debido al alto porcentaje de aumentos de renta en el último año.

Mi esposa y yo estamos tratando de sobrevivir porque nos aumentaron la renta al 7% y ya somos demasiados adultos. Además nos cuesta encontrar trabajo ya que hemos estado muy enfermos por la pandemia, y hemos perdido unos ahorros en nuestra salud ya que cada chequeo es muy caro, y yo solo he podido mantener a mi esposa.

Tuve un accidente de trabajo hace cuatro años, pero como no tenía recursos para ir al médico porque no tengo seguro médico, las citas eran costosas y tenía que decidir si pagar los controles médicos o paga la renta.

Doy gracias a Dios que al menos pudimos beneficiarnos de los fondos que estaban dando para pagar la renta, pero me preocupa mucho ese otro proyecto de ley que subiría demasiado la renta y tendríamos que mudarnos a un condado donde puede tener un tope porque, con el porcentaje que ya tenemos, nos costaba pagar

No quiero imaginar cuánto más debemos sacrificar para vivir en este condado. Soy una persona responsable que paga sus impuestos y trato de no meterme en problemas. Desafortunadamente, recientemente me diagnosticaron demencia, lo que afectará significativamente mi capacidad para generar ingresos. Estoy muy preocupado por mi esposa, que también está enferma, por eso le pido un voto SÍ a la ley HOME Bill 16 -23: gracias, espero que te pongas del lado de la comunidad inmigrante, que son los más afectados por no tener estatus legal.

Óscar Bravo

Good evening Councilmembers. My name is Pei Pei Chan Mirabella and I am a Senior Vice President of Property Operations at The Bozzuto Group. I would like to address how the competing rent control proposal and anti-gouging legislation will not only have major negative impacts on housing providers who are operating properties across the County but also how this proposed legislation will impact and limit future investment and the deployment of capital necessary for the creation of needed housing in the County.

We fully support anti-gouging legislation that will protect families from "bad actors" that are exploiting residents.

The proposed legislation with a CPI + 8% formula would benefit from recommended modifications so that it is both applicable and enforceable.

The proposed legislation with a 3% cap will simply not allow our industry to adequately invest in and maintain our buildings, which will impact our ability to serve our residents and to address the longer term preservation needs of these communities. This will actually hurt not help the residents who live in the county. We also have concerns that the process to request relief will be cumbersome and, likely prevent us from meeting the on-going needs of our properties on a timely basis.

We are prepared to work with the Council to ensure legislation achieves meaningful anti-gouging protection without impacting the expansion of the County's housing supply nor the preservation of it's existing communities.

It is universally agreed that expansion of housing with affordability at all levels is critical to the County's long term economic health. We are certain that the 3% rent cap proposal will have a negative impact on the availability of financing – both debt and equity - that is critical to producing affordable and market rate housing in Montgomery County.

In a region like ours, where investment capital flows between Northern Virginia, DC and Maryland, capital will gravitate to where the risk to return is lowest and most predictable. Extreme regulations in the form of rent control or rent caps, are key factors in evaluating that risk.

The expansion of affordable housing and helping our citizens who are rent challenged is our collective responsibility. We believe the entire Tenant Assistance and Protection Package is a very important first step to addressing that dire need. We remain committed to working with you to ensure the County's housing stock continues to grow, that the existing stock is maintained and that future growth serves all residents at every level of affordability.

Thank you for your time.

Testimony in Support of the HOME Act

Council President Glass

Council Vice President Andrew Friedson

Honorable County Council

Greetings. My name is Robert Stubblefield and I am a resident of Montgomery County. I am also an activist and organizer with groups such as the Bethesda African Cemetery Coalition, DSA, Young People for Progress and I write this in support of Bill 16-23, The HOME Act which caps rent increases at 3%.

This bill is necessary because of the simple fact that in Montgomery County, the rent is too damn high with many people working multiple jobs just to make sure that rent is paid. Despite the fact that we are still in a pandemic and that people who want to make Montgomery County their home, the fact that we are seeing rents go up in amounts of 10-15% is not only wrong but it is abysmal. Because of this, many people feel that Montgomery County is no longer home to them and they are being displaced trying to find somewhere to raise a family. They're right because without this, Montgomery County has become the playground of landlords and developers, who while charging these outrageous rent increases, leave their properties not up to code and in disrepair to the point that these places should be rendered uninhabitable. The three percent cap, was developed by both community members and some members of the council which is important to note because as activist and renter Harold Hill eloquently stated that "with 3% CPI, what the community is stating is that they can handle, but anymore than that, CPI might as well mean Can't Pay It." It is unacceptable that while some councilmembers are trying to give Montgomery County a helping hand, there are others who while talking about equity, have introduced and supported alternative legislation that will allow landlords to cap rent increase of up to 15%. That is unethical but it reeks of hypocrisy. Studies have shown time and time again that rent stabilization/rent control not only helps the economy but it helps our children who can focus on getting the best education they can get.

While this is a necessary first step, we must go further and think boldly. What this pandemic has shown us is that we must take great leaps forward. Montgomery County in addition to passing this bill, must not only invest in the development of community land trusts and housing cooperatives and other homeownership programs, but also must develop legislation

that bans Wall Street from purchasing residential properties and making rentals as well as legislation that mandates that any landlord that not only owns an excess of a certain amount of property must pay a tax and if they leave their rentals in a continued state of disrepair, they forfeit those homes and they must be transferred to the people so they can actually become homes.

Thank you.

Rob Sheehan, Ph.D.
[redacted]

To: Montgomery Council

From: Rob Sheehan, Ph.D.

Greetings and thank you for considering the HOME Act as a way to bring fairness and justice to our community. The level of evictions is unacceptable and must stop! The increases in rent are unsustainable.

This is a very straightforward issue in my mind. We have all said these words thousands of times " . . . and justice for all." Please do your elected civic duty and take a step toward JUSTICE FOR ALL by passing this legislation.

Thank you.

Dear council,

My name is Rosa Begaso, I live at [redacted] I am from Peru, I am 66 years old, and I have lived in Montgomery County for 22 years. I also have two children that I have been able to provide for as a house cleaner.

Over the years, a medical limitation in my legs has made it difficult to be able to support my family. Unfortunately, I have only been able to give them what was within my financial capabilities. But unfortunately, since the pandemic, everything has been so difficult because I got sick constantly and I lost my job, and I was about to lose the roof where I live.

Thank God I was able to apply for the rent funds on two occasions, but I am already too old to continue paying constant rent increases, and it is difficult for me to get a job due to my age and my medical problems. My family and I deserve predictability and stability in our lives. That is why I am writing to ask for your support on the HOME ACT.

We deserve to have a dignified life and future right here in Montgomery County. The HOME ACT would provide a reasonable and manageable increase that many low-income and immigrant families can survive on. I ask that you please keep the most vulnerable in mind.

VOTE YES ON THE HOME ACT!

Sincerely,

Rosa Begaso

Estimado consejo,

Mi nombre es Rosa Begaso, vivo en 14110 Gran Pre Rd. Soy de Perú, tengo 66 años y vivo en el condado de Montgomery desde hace 22 años. También tengo dos hijos a los que he podido mantener como limpiadora de casas.

A lo largo de los años, una limitación médica en mis piernas ha dificultado poder mantener a mi familia. Desafortunadamente, solo he podido darles lo que estaba dentro de mis posibilidades financieras. Pero lamentablemente desde la pandemia todo ha sido tan difícil porque me enfermaba constantemente y perdí mi trabajo, y estuve a punto de perder el techo donde vivo.

Gracias a Dios pude solicitar los fondos de la renta en dos ocasiones, pero ya soy demasiado mayor para seguir pagando los aumentos constantes de la renta, y es difícil para mí conseguir un trabajo debido a mi edad y mis problemas médicos. Mi familia y yo merecemos previsibilidad y estabilidad en nuestras vidas. Es por eso que le escribo para pedir su apoyo en el HOME ACT.

Merecemos tener una vida y un futuro dignos aquí en el condado de Montgomery. El HOME ACT proporcionaría un aumento razonable y manejable con el que muchas familias inmigrantes y de bajos ingresos pueden sobrevivir. Les pido que por favor tengan en cuenta a los más vulnerables.

¡VOTE SÍ A LA LEY DEL HOGAR!

Atentamente,

Rosa Begaso

To the Montgomery County Council,

My name is Rosa Dalia Manueles. I live at 11512 Lockwood Dr in Silver Spring. Like many neighbors who have probably written to you, I am a proud Honduran. I am 38 years old and have been a Montgomery County resident for 16 years. As a single mother of three, I work in an electronics store and work long hours to provide for my children.

Since the pandemic, I have found keeping a roof over my head challenging. Like most across this county, I lost my job. And truth be told, like many Americans, I was not prepared with any additional savings for a rainy day. Having no way forward, I made drastic changes and cuts to necessities. No mother wants to cut back on food and clothes for their children. But with no income coming in, I had to do what I could until I could no longer. Then, to make matters worst, I caught COVID, which further put me back. The time finally caught up with me, and I fell behind on monthly rent payments.

Thank God I could qualify for the rent assistance funds that kept me housed. Words cannot describe the relief it brought my three children and me. Little by little, we started digging our way out. And just when we thought better times were ahead, we got hit by 6% rent increase. Since contracting COVID, my immune system and my children's have not been the same. We often find ourselves at the doctor's constantly.

Like any single mother, we often find ourselves playing musical chairs with paying the rent, medical bills, utility bills, or investing in the needs of our children.

A few weeks ago, I heard the news of legislation that would cap rents. I felt an enormous sense of relief. Like many neighbors, we are terrified to see what our next annual increase could bring. However, I was shocked that it would cap rents at 8% plus the consumer price index. To me, that's an open invitation for my landlord to legally increase rents that would automatically displace me and my fellow neighbors.

I am writing this letter to encourage you to reject this proposal strongly. This would do more harm than good to immigrant communities like mine.

We deserve legislation that focuses on the needs of our most vulnerable neighbors and allows us to build a life in which we can all prosper, not one that allows abusive landlords to increase rents without regard to tenants drastically.

If this law passes, it will force many immigrant families out of Montgomery County.

For this reason, I urge the council to vote in favor of Bill 16-23, THE HOME ACT, which is meaningful stabilization that would prevent displacement and avoid massive evictions. We need help! Please help us, don't hurt us.

Thanks!!

-Dalia

Al Consejo del Condado de Montgomery,

Mi nombre es Rosa Dalia Manueles. Vivo en 11512 Lockwood Dr en Silver Spring. Como muchos vecinos que probablemente te han escrito, soy un hondureño orgulloso. Tengo 38 años y he sido residente del condado de Montgomery durante 16 años. Como madre soltera de tres hijos, trabajo en una tienda de electrónica y trabajo muchas horas para mantener a mis hijos.

Desde la pandemia, me ha resultado difícil mantener un techo sobre mi cabeza. Como la mayoría en este condado, perdí mi trabajo. Y la verdad sea dicha, como muchos estadounidenses, no estaba preparado con ahorros adicionales para un día lluvioso. Al no tener forma de avanzar, hice cambios drásticos y recortes en las necesidades. Ninguna madre quiere recortar la comida y la ropa de sus hijos. Pero sin ingresos, tuve que hacer lo que pude hasta que ya no pude más. Luego, para empeorar las cosas, me contagié de COVID, lo que me retrasó aún más. El tiempo finalmente me alcanzó y me atrasé en los pagos mensuales del alquiler.

Gracias a Dios pude calificar para los fondos de asistencia para el alquiler que me mantuvieron alojada. Las palabras no pueden describir el alivio que nos trajo a mis tres hijos ya mí. Poco a poco, empezamos a cavar para salir. Y justo cuando pensábamos que se avecinaban tiempos mejores, recibimos un aumento del alquiler del 6 %. Desde que contraje COVID, mi sistema inmunológico y el de mis hijos no ha sido el mismo. A menudo nos encontramos en el médico constantemente.

Como cualquier madre soltera, a menudo nos encontramos jugando a las sillas musicales pagando el alquiler, las facturas médicas, las facturas de servicios públicos o invirtiendo en las necesidades de nuestros hijos.

Hace unas semanas, escuché la noticia de la legislación que limitaría los alquileres. Sentí una enorme sensación de alivio. Al igual que muchos vecinos, estamos aterrorizados de ver lo que podría traer nuestro próximo aumento anual. Sin embargo, me sorprendió que limitaría los alquileres al 8% más el índice de precios al consumidor. Para mí, esa es una invitación abierta para que mi arrendador aumente legalmente los alquileres que automáticamente nos desplazarían a mí y a mis vecinos.

Le escribo esta carta para alentarlo a que rechace esta propuesta enérgicamente. Esto haría más daño que bien a las comunidades de inmigrantes como la mía.

Merecemos una legislación que se centre en las necesidades de nuestros vecinos más vulnerables y nos permita construir una vida en la que todos podamos prosperar, no una que permita que los propietarios abusivos aumenten drásticamente los alquileres sin tener en cuenta a los inquilinos.

Si se aprueba esta ley, obligará a muchas familias inmigrantes a abandonar el condado de Montgomery.

Por esta razón, insto al consejo a votar a favor del Proyecto de Ley 16-23, LA LEY DE HOGAR, que es una estabilización significativa que evitaría el desplazamiento y los desalojos masivos.
¡Necesitamos ayuda! Por favor, ayúdanos, no nos hagas daño.

-Dalia

Estimado Consejo del Condado de Montgomery,

Mi nombre es Rosa Garcia Soy de Guatemala y vivo en Gaithersburg hace 10 años. Estoy dando mi apoyo y pido el de ustedes al Proyecto de Ley de Estabilización de Rentas 16-23. Durante esta pandemia he sido muy afectada, los miembros de mi familia son 4 entre ellos un niño con autismo de 14 años; a todos no ha dado COVID-19, he perdido mi empleo, por esta razón en el 2020 me atrase con la renta y tuve que aplicar para la ayuda del condado para pagos de alquiler, gracias a CASA pude llenar mi aplicacion y me ayudaron con 5.000 dólares, también recibe 2 cartas de la corte por mora en los pagos, los cuales me causaron angustia y mucho estrés. ¿por que donde yo iba a pagar?, hasta la fecha seguimos afectados y atrasados en los pagos, nos toca prestar y sacar dinero de donde no tenemos para que no nos desalojen. También me siguen llegando cartas de la oficina y del condado donde dicen que no podemos pagar a trazados por qué si no me cobra multa y esto me parece injusto, por esta razón hoy alzo mi voz y demandó a todos los concejales, senadores y demás representantes apoyo para todos los inquilinos del condado de Montgomery.

Seguimos en una pandemia mundial y sus estragos siguen azotando con fuerza a nuestra comunidad hispana

¿Cómo es posible que tras de perder el empleo por la pandemia, uno se vea enfrentado a la injusticia de que lo saquen a la calle con su familia, sin tener ni un techo que le cubra, ni pan para comer? ¿Cómo es posible que por el atraso de unos días en la renta, uno tenga que pagar altísimas multas y sin tener dinero para pagarlas? ¿Cómo es posible que aún en este tiempo difícil, se atrevan a aumentar la renta hasta en un 25%?

Señores Concejales, delegados y demás representantes de la comunidad por favor ayúdenos a que nuestros proyectos de ley queden y sean aprobados ya que esto beneficiará a miles de familias mil gracias.

¡No a los desalojos!

¡No el aumento de la renta!

SI SE PUEDE!!!

Dear Montgomery County Council,

My name is Rosa Garcia. I am from Guatemala and have lived in Gaithersburg for 10 years. I am giving my support and I ask for yours to the Rent Stabilization Bill 16-23. During this pandemic I have been very affected, there are 4 members of my family, including a 14-year-old boy with autism; everyone has not had COVID-19, I have lost my job, for this reason in 2020 I fell behind with rent and I had to apply for county assistance for rent payments, thanks to CASA I was able to fill out my application and they helped me with 5,000 dollars, he also receives 2 letters from the court for late payments, which caused me anguish and a lot of stress. Why was I going to pay? To date we are still affected and behind in payments, we have to lend and take money from where we don't have so they don't evict us. I also keep getting letters from the office and the county where they say that we can't pay the lines, why else they charge me a fine and this seems unfair to me. For this reason today I raised my voice and sued all the councilors, senators and other representatives for all Montgomery County renters.

We are still in a global pandemic and its ravages continue to hit our Hispanic community hard.

How is it possible that after losing your job due to the pandemic, one is faced with the injustice of being taken out on the street with his family, without having a roof over his head, or bread to eat? How is it possible that because of the delay of a few days in the rent, one has to pay very high fines and without having the money to pay them? How is it possible that even in this difficult time, they dare to increase the rent by up to 25%?

Councilors, delegates and other representatives of the community, please help us so that our bills remain and are approved, since this will benefit thousands of families, thank you very much.

No to evictions!

Not the rent increase!

IF POSSIBLE!!!

Dear Councilmembers,

My name is Rosa Lidia Osorto. I live at 12025 Veirs Mill Rd 20906. I am from Hondorus. I am 38 years old, and I have lived in Montgomery County for 12 years. I am a single mother of two children.

I make a living cleaning houses. Since the pandemic, work has been hard to come by. I have had to sacrifice many things to give my children a roof over their heads, but it is so difficult for me because of the constant increase in rent. It's also made more difficult because I also have to pay bills, and all of that is so unfair because I no longer know what to do to get ahead. Wages do not rise, and the entire economy is so high that I will have to find another place where I can pay less rent so that I can be within range of my salary.

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Thank You!

Rosa Lidia Osorto

Estimados Concejales,

Mi nombre es Rosa Lidia Osorto. Vivo en 12025 Veirs Mill Rd 20906. Soy de Hondorus. Tengo 38 años y he vivido en el condado de Montgomery durante 12 años. Soy una madre soltera de dos niños.

Me gano la vida limpiando casas. Desde la pandemia, el trabajo ha sido difícil de conseguir. He tenido que sacrificar muchas cosas para darles un techo a mis hijos, pero es muy difícil para mí debido al aumento constante de la renta. También se me hace más difícil porque también tengo que pagar facturas, y todo eso es tan injusto porque ya no sé qué hacer para salir adelante. Los salarios no aumentan, y toda la economía está tan alta que tendré que encontrar otro lugar donde pueda pagar menos alquiler para poder estar dentro del rango de mi salario.

Cuando los inquilinos se ven obligados a irse debido a los aumentos excesivos de la renta, no solo perjudica a ese inquilino en particular, sino a todos nosotros. Las escuelas se desestabilizan cuando las familias se ven obligadas a mudarse. Los trabajos se pierden cuando los inquilinos se mudan lejos para pagar el alquiler. Las comunidades se desarraigan cuando los inquilinos ya no pueden permanecer en las viviendas que pueden haber ocupado durante años.

Como residente del condado, creo que es fundamental que pongamos a las personas en primer lugar. Estoy pidiendo un voto SÍ a la Ley HOME, Proyecto de Ley 16-23.

¡Gracias!

Rosa Lidia Osorto

Estimado Consejo del Condado de Montgomery,

Buenos días, mi nombre es Ruth Estefani Hernandez Orgullosamente Domincana, vivo en silver spring condado de montgomery hace 3 años y hoy estoy aquí alzando mi voz para pedir su apoyo al Proyecto de Ley de Estabilización de Rentas 16-23, ya que nos dará la oportunidad de tener un aumento a la renta razonable que sería el 3%, aseguraría un techo para mis hijos.

Como madre de 2 hijos veo la necesidad de tener una vivienda asequible, a mi me aumentaron la renta el 6% y no es justo ya que mi nivel de oportunidades para empleo son mínimas y el dinero que entra a mi hogar no es suficiente para enfrentar este aumento de renta exagerado.

Soñamos con que el derecho a la vivienda sea universal y que las familias vulnerables puedan tener la oportunidad de que su aumento a la renta sea de una manera justa y estable.
Igualmente invitamos a nuestros concejales, representantes y senadores que apoyen de manera firme nuestra causa . Si se puede.

Muchas gracias por su atención.

Dear Montgomery County Council,

Good morning, my name is Ruth Estefani Hernandez Proudly Dominican, I have lived in silver spring, montgomery county for 3 years and today I am here raising my voice to ask for your support of the Rent Stabilization Bill 16-23, since it will give us the opportunity to have a reasonable rent increase that would be 3%, would ensure a roof for my children.

As a mother of 2 children, I see the need to have affordable housing. My rent was increased by 6% and it is not fair since my level of employment opportunities are minimal and the money that comes into my home is not enough to face this exaggerated rent increase.

We dream that the right to housing is universal and that vulnerable families can have the opportunity for their rent increase to be fair and stable.
We also invite our councilors, representatives and senators to firmly support our cause. If possible.

Thank you very much for your attention.

Dear Montgomery County Council,

My name is Sara Martinez. I was recently residing in Rockville MD with my son and two step children. Trying to make ends meet and barely being about to pay the already high living costs in Montgomery County.

Our Landlord kept threatening of kicking our family out to the street if we did not agree to the 6% increase they wanted to charge almost immediately. We were in a two-bedroom apartment paying almost $2,000. The living conditions were very poor and the Landlord became very hostile every time we tried to communicate the issues with them. The washer and dryer did not work properly and it became mandatory to have to wash at a laundromat. The floor tiles were coming apart, plumbing was a constant issue and there was almost never any hot water.

One day after and exceedingly long day at work, I came home to the most heart wrenching scene. It was pouring rain and traffic was heavy so I got home later than usual. ALL of my children were outside on the street soaked! I look around and our belongings had been thrown out of the house. Our Landlord physically removed all of my children out of the apartment and into the street. EVERYTHING we owned was damaged. We had nowhere to go. We were later placed in a shelter. The trauma my children went through just because someone wanted to raise the rent prices in disgusting!

PLEASE support the Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in Montgomery County. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

My family did not deserve to go through such an extremely traumatic experience!

NO family deserves to be treated in such manner!

Our children deserve better!

Sincerely,

Sara Martinez

[redacted]

Testimony of Scott Schneider, Progressive Neighbors

Thank you for the opportunity to testify. My name is Scott Schneider. I am testifying on behalf of Progressive Neighbors, a local organization dedicated to electing more progressives to local office, of which I am currently chair of the steering committee.

I have lived in Montgomery County for almost 40 years. I was a renter in various locations and cities for about 13 years until we bought our house in Silver Spring in 1986. Both of our daughters are currently renters. During the past year I have worked with IMPACT Silver Spring distributing food to local residents at the Clifton Park Baptist Church in Long Branch and teaching English Classes online to new immigrants. We also live in Long Branch and know families who live in apartment buildings like the Flower Branch apartments where families sometimes live two or three families in one apartment because they can't afford the rent. With the Purple line coming through our neighborhood in a few years, we expect rents to increase substantially causing more economic hardship for these families.

Landlords should be able to make a fair return on their investment but jacking up the rent 10, 15% goes above and beyond a fair return. It will only result in more displacement with families moving farther away to Prince George's County resulting in longer commutes and more traffic. We understand that the sponsors of the so-called "anti-rent gouging bill" believe such profits are necessary to attract developers to build more housing. However, they have not been building much affordable housing these past several years without rent stabilization when interest rates were near zero. The sponsors of this bill believe the "invisible hand of the free market" will produce affordable rate housing through the trickle-down effect (where lower rent apartments are vacated as the rich move up to newer places). But these lower rent buildings will be razed to make room for newer "luxury" apartments with only 12-15% set aside for MPDUs and none for deeply affordable units for the tens of thousands in the county on waiting lists. In addition, each year we lose more affordable units than can be built.

We have a crisis here for low income residents who are paying 50% or more of their income in rent. Renters make up about 40% of all Montgomery County residents and they are predominately residents of color and new immigrants. We have to do something to stop the bleeding. This is why we support the HOME Act and oppose the "anti-rent gouging" bill. The "anti-rent gouging" bill is not the solution and will exacerbate the problem, allowing landlords to raise rents 12-15%

this year. We urge you to support the HOME Act and deliver real relief to low income families in the County. Thank you.

Dear Montgomery County Council,

My name is Seilly Guerrero and a Montgomery County resident. I am a daughter of immigrants and at a young age I experienced the divorce of my parents. Growing up I always had to work extra hard and had to become independent at a young age. Currently, I work as a Nanny where I see first-hand just how much our family had to fight for basic rights. Now, living on my own I am facing extreme injustices and seeing myself forced to find a new place to live.

I was forced at a young age to work and live on my own. After struggling to make ends meet my rent is being increased by 7%. Aside from the rent increase, the living conditions have always been an issue. These problems include poor plumbing, staircases in dangerous conditions, unmaintained heating and air conditioning units, holes in the ceiling that have not been patched up and more. Since living here for over 3 years, none of these issues haven been resolved. I may lose my job if I move out of the area and if I stay, I cannot afford these soaring rental prices.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in Montgomery County. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

No resident of Montgomery County should be forced to live in such deplorable living conditions.

No family should be faced with these crazy rent increases.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,

Seilly Guerrero

[redacted]

Dear Montgomery County Council,

Good evening, my Somian Boussoma Nadege, I'm 27 years old, I'm a mom of 9 months old son, I live in Montgomery county, I'm undocumented immigrant.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

I understand rent stabilization as the Montgomery county law to help us to keep our house.

I have been renting an apartment in white oak for 2 years, the increase in rental prices applied by the landlord puts me in stress because I do not understand how he defines the rate of increase, the year 2022 all my income was used only to pay the rent, I paid the rest of the bills with the credit that I contacted with friends. For this year, the details of the increases are as follows: 7% for the one-year contract; 12% for the 2-year contract and 4% for the month-to-month contract. I'm overwhelmed and don't know what to do

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Somian Boussoma Nadege
[redacted]

In support of the Home Act, Bill 16-23.

I am commenting as a resident of Takoma Park.

We moved to Takoma Park specifically for the racial and socioeconomic diversity there, which is unique in the county. That diversity is a direct result of the rent stabilization in place since 1981. In the public school there where I was a PTA President, the population was one quarter white, one quarter Latinx, one quarter multigenerational Black Americans, and one quarter African immigrant. We wanted our children to grow up in this kind of diverse and global community, and that is what we got, thanks to rent stabilization which has provided protection from rampant gentrification and provided stability.

The Home Act provides meaningful protection for the greatest number of county residents, while ensuring that landlords will still be able to profit. Please listen to the renters who testified, who represent a large and relatively powerless percentage of your constituents. Please do not be swayed by the real estate, developer, and adjacent lobbying groups that ultimately are looking to maximize profits.

Thank you.

Sue Miller
Takoma Park

“I’m testifying because I support the HOME Act, Bill 16-23…”
My name is Susan Rogers, I live in Takoma Park in District 5 and I am in the process of buying a home there. I am proud to live in a town that has had rent control for many years. I first moved to Takoma Park as a renter and came to know my town as highly diverse community racially with a sizable population who lived in rental units. I am proud to live in a community where my property taxes, although high, are being used to help subsidize rent control so that all of us are given a level of stability in our lives that many renters outside of my city do not experience. This is what the Home Act can help accomplish in my county. I call upon my district representative, Kate Steward, to support this bill along with all other council members who want real resident stability in their districts.

Tracy Espinoza
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

Hi, my name is Tracy Espinoza, I live in Germantown in district 2 but study in Gaithersburg in district 7, and I am testifying because as a student of Montgomery County, I have seen the damage done towards students without safe and stable homes, such as what bill 15-23 supports.

I'm asking the Council to support the HOME Act that will not only give stable homes to renters and workers but also the youth.

Bill 15-23 not only affects renters but Montgomery County's own students: the generation that'll lead the future of this county. Growing up in Montgomery County, I was fortunate enough to live in a stable, safe home, but this isn't the case for everyone. Going to school, I didn't think about what might've been going on in my classmates' lives, but they too face difficulties, and constantly having to move from one city to another was one of them. A specific classmate of mine didn't have to move not 1 time, not 2, but 10 times, all because the rent's increase each month was unsustainable. Having only to rely on her working single mother and her baby sister, the built up consequences of not knowing whether or not there'll be a place to call home the next month slowly ate her alive. It not only made her sacrifice her social life, but her mental health too. She became less outgoing, forcing herself to isolate, and stopped trying to speak out. She no longer wanted to even try to make friends because there was always a reminder in the back of her mind telling her to not get attached because she *knows* she'll eventually have to move again and break all of those built bonds. Now, she lives in fear, wondering if this will remain constant enough for her baby sister to reach the age where she'll start developing the unsupportable lifestyle that is of a renter, but the HOME Act could change this.

It's absurd that as I write, I should be studying for exams, yet I am here, as a 14-year-old, fighting for my classmates' rights to stable housing because I can no longer stay on the side and watch them have to sacrifice everything they've worked for all because bills such as Bill 15-23 promote overwhelming rent increases. This is just one voice out of the countless voices in MCPS that deserve to be heard and that deserve a safe home. I don't ask for stable housing to be attainable in a couple of months or years, I ask for this right to be given now.

Dear Montgomery County Council,

Good evening, my name Trey Cunnin, I'm 32 years old, I'm American Citizen living in Montgomery county, I'm unemployed.

I am writing to ask for your support of Rent Stabilization Bill 16-23: The Housing Opportunity, Mobility, and Equity Act in MoCo. Tenants need to know that if their rent increases, it will be by a reasonable amount of money, no more than 3% of their current rent for the next 12 months.

I understand rent stabilization as the Montgomery county law to protect right of tenants.

After I passed my bachelor degree my parents helped me to start living alone to improve my self-management. I've found an apartment and my parent helped me to pay the entire rend. But one year after my rent started to increase every year from 7% to 11% this year. My parent told me they could not be able to continue paying my rent because it's the price is out of their budget. Now I don't know what will be my situation when my parent will stop to pay my rent.

When tenants are forced to leave because of excessive rent increases, it hurts not just that particular tenant but all of us. Schools are destabilized when families are forced to move. Jobs are lost when tenants move far away to afford the rent. Communities are uprooted when tenants can no longer stay in housing they may have occupied for years.

As a resident of the County, I believe that it is critical that we put people first. I am asking for a YES vote on the HOME Act, Bill 16-23.

Sincerely,
Trey Cunnin
[redacted]

MARCH 28, 2023 PUBLIC HEARING

BILL 16-23 LANDLORD-TENANT RELATIONS

RENT STABILIZATION "THE HOME ACT"

Victoria Bross – v.gray@comcast.net

Thank you for the opportunity to share my first-hand experience as a small landlord grappling with rent control over the last 35 years in both the *People's Republic* of Santa Monica, CA & the *People's Republic* of Takoma Park. It has been time consuming, excessively costly, and frustrating. It is driving droves of small property owners out of business at a time when large government affordable housing projects don't seem to provide a solution.

I would like to kindly remind you all that we should stay focused on the objective: To help low-income renters afford Montgomery County housing and to keep our county welcoming to people of all backgrounds and income levels.

Rent control is a VERY blunt instrument because it requires ALL landlords (whether they can individually afford it or not) to subsidize ALL tenants whether they need it or not. I have the data to prove that the benefit of capping ALL rents would be wasted on at least 50% of renter households. [1]

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[1] Census data shows that there are 16,235 or 29.2% of all renter households in Montgomery County earn 50% or more of The median household income of $71,150 of renter households can afford $1,779 in monthly rent which is more than the current MOCO median rent of $1,706. This means that capping ALL rents capping ALL rents would be wasting a benefit on at least

Even worse is the amount of money it will cost the county to administer a rent control program.

City/County	# Renter Households	Rent Control Budget
Takoma Park MD	3,300	$400,000[2]
Santa Monica CA	33,344	$5.5 million
Montgomery Co MD	162,000	$19.6 - $27 million per YEAR[3]

Keep in mind that Santa Monica, like MOCO, already has its own multimillion housing budget working on the issue of affordable housing.

Every million dollars NOT spent on creating and maintaining a rent control bureaucracy could provide $1400 vouchers to 60 more families for an entire year.

Rent Control is a short-term political solution to a long-term problem that benefits existing tenants and hurts prospective tenants.

50% of households and then owners aren't paying income tax on this lost revenue.

[2] Please don't waste 30 – 70% of the benefits of lower rents on renters who don't need the subsidy.

[3] Estimate based on 5 x Santa Monica households – 49 x Takoma Park households.

Rent control is one of the few areas of economics that has almost 100% consensus that it is not an efficient solution though the short-term political benefits seem to offset the proven long-term destructive aspects of creating and funding a new county bureaucracy.

Rent Control has proven to be counterproductive to the long-term goal of providing an abundant and affordable housing supply! Rent Control is one of the few issues that both liberal and conservative economists tend to agree.

Larry Summers, the economist who served President Obama as Treasury Secretary, and went on to become the president of Harvard said in a 2019 NY Times article: "Rent Control is the surest way to destroy a city's housing stock."

Nobel laureate Paul Krugman -who is known to be even more progressive -has said "econ 101 teaches that **artificially compressing rents results in a shortage of rentable properties**. The lower fixed price of rents increases the demand for rental housing while reducing the quantity of it offered for rent."

More importantly the unintended consequences of rent control impact the quality of life for current and prospective residents of Montgomery County because rent control favors EXISTING tenants and incentivizes them to be less geographically mobile because they don't want to lose their unit specific subsidy! Since they move less often there is less housing available for prospective residents.

Takoma Park has one of the lowest vacancy rates in the country making it very difficult for a newcomer to obtain an affordable apartment. These artificially low rent units are treated like a lottery ticket!

Please ask yourself is the "juice worth the squeeze?" After 35 years I firmly believe the answer is NO! Just because there are two competing proposals on the table doesn't mean you have to pick one and create a costly new bureaucracy here in Montgomery County!

For more research data on this most important subject please refer to the attached academic article by Dr. Merritt Tollison, An Economic Case against Rent Regulations in Montgomery County, Maryland, 29 POL'y Persp. 1 (2022).

I beg you to please choose the most efficient and effective way of providing affordable housing to current and prospective residents of our great county: **direct financial assistance to rent burdened tenants**. This is also important in reducing displacement and supporting affordable housing supply.

An Economic Case Against Rent Regulations in Montgomery County, Maryland

Merritt Tollison

A new light rail system threatens to increase pressure on Montgomery County's already-chronic housing shortage for low- and middle-income residents. The 16-mile Purple Line rail corridor, expected to be completed in 2026, will run adjacent to a substantial proportion of the county's naturally occurring affordable housing and a large population of vulnerable cost-burdened renters. Proposed economic development around the new transit stations could usher in an increase in economic development that portends rapid increases in home values, rents, and land prices. To preserve affordable housing and reduce displacement in the wake of this development, the Montgomery County Council is debating rent regulations for a county-wide transit-centered buffer zone. This policy, however, would have a negative effect as economists overwhelmingly agree that rent controls cause inefficiency, inequity, negative externalities, disutility, and restricted mobility. This paper uses an economic analysis to show that local rent regulations would fail to mitigate the chronic housing shortage and that costs to communities and businesses will outweigh the benefits provided to protected tenants. Montgomery County should reconsider implementing the proposed rent regulations, reevaluate similar policies, and expand efficient, targeted support for low-income renters.

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BACKGROUND

Rent control policies have been used in expensive metropolitan housing markets since World War II when rent ceilings and rent freezes sought to remedy housing shortages from large population increases in urban areas related to military production (Fetter 2013). Over time these World War II era price controls have been replaced with less restrictive policies regulating rent increases instead of fixing rent amounts (Diamond 2018).

In the Washington metropolitan area, the District of Columbia and the city of Takoma Park, Maryland are two of the six states/districts nationally that currently maintain state or local rent control policies. (City of Takoma Park 2021; Department of Housing and Community Development 2021; National Multifamily Housing Council [NHMC] 2022). Other than Takoma Park, Montgomery County (MC) has not enforced rent control since 1983 and instead uses a voluntary rent guideline system (Department of Housing and Community Affairs [DHCA] 2021). The voluntary guideline is a county recommended maximum rent increase—1.4 percent for 2021—to be imposed once in a 12-month period (DHCA 2021). Landlords are required by code to provide advance notice of price changes and are encouraged to keep rent increases at the lowest possible level, as the County has the authority to review any rent increase deemed excessive.

Montgomery County's proposed rent regulations would make these voluntary regulations mandatory for transit zones, assert control over the frequency and amount of rent increases, and set base rental amounts for certain units to prevent rents from rising so rapidly that they outprice the average occupant (Montgomery County Council 2020). In the long run, this regulation seeks to prevent displacement and preserve the supply of affordable housing. This policy would apply to all buildings over five years old that are one mile or less from Metro, Amtrak, and light rail train stations and one-half mile or less from Bus Rapid Transit stations (Montgomery County Council 2020). The purpose of MC's proposed rent regulation is to prevent rents from rising so rapidly that they outprice the average occupant. In the long run, this regulation seeks to prevent displacement and preserve the supply of affordable housing. Similar to rent control policies in other metropolitan areas, the MC proposal is popular among low-income renters, tenant advocates, and progressive politicians.

Recent research on urban rent control indicates substantial benefits to controlled tenants as newly available housing market data supported calculations of the effects of past rent decontrol in Cambridge, Massachusetts and policy expansion in San Francisco, California (Autor et al. 2014; Diamond et al. 2019). In both cases, tenants living in regulated properties benefited from substantially lower rents. In Cambridge, controlled rents were over 40 percent lower relative to tenants living in properties that were never regulated (Autor et al. 2014, 670). In San Francisco, rent protections also provided stability as renters' probabilities of staying at the same address increased by 19 percent over a ten-year period (Diamond et al. 2019, 3367).

Though rent control provides social insurance that protects the housing security of tenants facing rent increases, price ceilings cause potential problems for the economy in the long run. In the next section, I provide an overview of the four main economic arguments against rent control. I then turn to the assumptions that underlie Montgomery County's proposal. I conclude with

alternative policy recommendations to address the preservation of affordable housing and the reduction of housing displacement with anticipated price pressures of local transit expansion.

ECONOMIC ARGUMENT AGAINST RENT CONTROL

Rent control is a redistributive policy where a small group of current tenants benefits from a tax initially borne by landlords but with additional long-term costs to individual renters and the surrounding community. The four economic principles of efficiency, externalities, equity, and restricted mobility, describe the overall costs to society due to rent control policies.

EFFICIENCY: REDUCED AFFORDABLE HOUSING AND ECONOMIC LOSS

Rents perform two essential functions in housing markets (NMHC, n.d.). First, they compensate providers and developers of housing units for the cost of providing shelter to tenants (NMHC n.d.). Second, through profits they attract new investments in rental properties and incentivize landlords to maintain existing housing (NMHC, n.d., 1). In unrestricted markets, rents are set at the equilibrium point of supply and demand with landlords (producers) and renters (consumers) exchanging rent and housing in an efficient manner that balances utility and profit.

When a rent-control ceiling is instituted at a price below the market equilibrium, developers invest less in new housing and spend less on existing housing, resulting in a rental shortage. Indicators of these shortages include declines in rental construction, increases in rental conversions, decreases in the quality and quantity of existing rental stock, and scarcities of available and affordable rental housing. The total benefit to society decreases due to the deadweight loss from this market distortion. For example, research studying the effects of ten years of rent control in Cambridge estimated a $2 billion total cost to local property owners due to the price ceiling (Autor et al. 2014, 668). Of this cost, only $300 million was transferred from landlords to protected tenants through reduced rents, resulting in a $1.7 billion deadweight loss borne by owners of never controlled properties through depressed property values and reduced rents as the neighborhood became less desirable for new construction and investment (Autor et al. 2014, 668).

In unregulated markets, a two-step process involving the renters and housing producers resolves rental shortages. First, increased competition between renters for available units causes short term rents to rise (NMHC, n.d.). In the longer term, high rents encourage developers and landlords to invest in rental housing (NMHC, n.d.). Investments of new construction, rehabilitation, and buildings conversion from business to residential use effectively remedy the initial housing shortage (NMHC, n.d.).

In controlled markets, rental shortages still increase as the overall decrease in rent prices and transactions discourages the entry of landlords and disincentivizes development. With price ceilings, excess rental demand spills over to uncontrolled higher priced rentals or condos. With high demand and small quantities, uncontrolled units experience large price increases. During San Francisco's rent control period, citywide market rents increased by 51 percent at least partially due to condo conversions and losses of affordable rental housing (Diamond 2018). Increasing rents in high price, uncontrolled rental markets attract developers, further disincentivizing affordable housing construction. Though rent control is typically accompanied by policies to stimulate

housing construction, the offset is likely not enough to remedy the market forces of supply and demand.

EXTERNALITIES: GENTRIFICATION AND DISINVESTMENT

Rent control also negatively effects the community not engaged in the rental transaction through the externalities of gentrification and disinvestment. Whether neighborhoods fall prey to gentrification or disinvestment depends on landlords' responses to the regulation and the characteristics of the surrounding area (Diamond 2018). In high-income, well-resourced communities, gentrification occurs as landlords try to recoup their rental losses by converting buildings to condominiums or redeveloping buildings to exempt them from rent control. In less- resourced communities, landlords respond to the loss of profits with decreased maintenance efforts and disinvestment (Diamond 2018).

San Francisco experienced citywide gentrification when rental housing supply fell by 15 percent over a ten-year period (Diamond et al. 2019, 3368). The city's housing supply shifted toward new higher-end units and condos, attracting residents with at least 18 percent higher income relative to the controlled tenants in the same zip code (Diamond et al. 2019, 3368). In turn, this increased citywide rents and exacerbated income inequality as higher-income residents moved into the city and lower income tenants who did not benefit from rent control were forced out (Diamond et al. 2019). Though rent controlled tenants were less likely to be displaced, the average tenant lived in a census tract with declining property values, educational attainment, employment support, and income levels (Diamond et al. 2019, 3367).

Cities with rent control policies typically experience overall disinvestment in the residential rental market. The threat of price controls encourages potential landlords to favor alternative property investments such as condos, offices, hotels, or commercial buildings that respond with healthy vacancy rates and slowly increasing rental rates (Block et al. 1981). Individual landlord disinvestment results from the imposition of fixed rents unaccompanied by controls of building operating and maintenance expenses, reducing the landlord's ability and incentive to supply high- quality tenant services (Block et al. 1981). As a result, protected tenants experience decreased maintenance response and minimal service provision that may reduce their enjoyment to a level on par with the lower controlled rent amount (Block et al. 1981).

In Cambridge, landlord disinvestment extended to neighboring uncontrolled housing, as it lowered the neighborhood's overall amenity value and desirability (Autor et al. 2014). Once rent control was lifted, all market values increased substantially with decontrolled units' property values increasing by 45-50 percent (13-25 percent more than never controlled properties), spurring new construction and increasing rental supply (Autor et al. 2014,703).

EQUITY: UNCERTAIN BENEFITS TO LOW-INCOME RENTERS

Rent control is a redistributive policy where a small group of current tenants benefits from a tax initially borne by landlords. Unlike redistributive taxes, rent control acts broadly and keeps rental rates low for anyone living in units defined by rent regulations (Lawler 2020). A study of New York rent control comparing the distribution of family income with the distribution of

benefit-adjusted income revealed that low-income families were just as likely to access benefits as higher income renters (Gyourko and Linneman 1989, 65). Additionally, there is an enormous variation in benefits among families of controlled housing with similar incomes and demographics as the value of excess of market rent over controlled rent is different based on the unit (Block et a. 1981, 115) As a result, rent control policies are unable to target low-income, rent-burdened households and instead provide substantial rental benefits to many higher-income tenants (Gyourko and Linneman 1989, 66).

Not only do they have an equal chance at receiving a lower rent subsidy than high income renters, but low-income renters in both controlled and uncontrolled units bear the burden of less direct rent control costs. As seen in Cambridge, landlords in less amenity-rich neighborhoods counter rent control by allowing buildings to decline and fall into disrepair. The lower-income renters that the policy seeks to help have no choice but to remain in the rent-controlled deteriorating buildings. The housing shortage from rent control magnifies the effects on low-income tenants as non-controlled landlords have more say in who they rent to and can discriminate based on income and credit history (Desmond and Wilmers 2019). Research has also shown that rent control benefits fall unequally on different racial populations. Black and Puerto Rican residents under New York City's rent control policies received lower annual monetary benefits of reduced rent than their white counterparts despite their overrepresentation in the rental market (Gyourko and Linneman 1989, 63).

In the long term, homeowners and non-controlled renters bear the majority of the costs of rent control. When price controls limit investment return and building quality, the assessed value of rent-controlled properties tends to decline and lower overall property-tax revenue (Diamond 2018). The post-decontrol appreciation of controlled and never-controlled properties in Cambridge indicates that the city received 20 percent less in annual property tax revenue during rent control (Autor et al. 2014, 702). This property tax impact affects homeowners and property investors in the city and regional economy which in the case of Cambridge is estimated at $2.0 billion over 10 years (Autor et al., 2014, 702).

While current renters benefit from controlled rates, new tenants face significant entry costs to the rental market as the number of affordable units dwindle. Rent control policies widen the disparity between rent-controlled housing and luxury housing, pricing new tenants out of quality rental areas. These tenants are disproportionately the low-income, single, and young renters that the policy seeks to support.

RESTRICTED MOBILITY

Rent control also impacts the labor decisions of protected tenants. The San Francisco study shows that rent control reduces renters' mobility by 19 percent (Diamond et al. 2019, 3367). The desire to stay to reap the benefits of this regulation counteracts the mobility required to access employment and other economic opportunities. In some cases, the lack of mobility adds to negative neighborhood externalities with long commutes and high-cost car dependence. Controlled renters absorb other costs to continue their tenancy such as childcare fees, negative health effects, and the opportunity cost of lost income.

In sum, the economic case against rent control shows that any increase in neighborhood stability and price protection for controlled tenants is offset with high costs to businesses, homeowners, property investors, and other renters. Additionally, the potential benefits of neighborhood stability can be offset by gentrification and disinvestment responses by landlords and developers. Rent control also serves to disincentivize housing mobility of controlled renters. As a result, they remain in mismatched units or face decreased economic opportunities to avoid high and increasingly unaffordable market rate rents. Mandating that landlords limit rent increases is not only counterproductive, but it also increases housing shortages and escalates rental rates.

ANALYSIS OF MONTGOMERY COUNTY'S PROPOSED RENT REGULATION

Montgomery County's case for rent regulations centers on tenant protection against rent gouging near major transit centers. Rent gouging is defined as raising rents at a higher percentage than the county's annual Consumer Price Index (CPI), a compilation of inflation and area rents (Montgomery County Council 2020). The County's Housing Preservation study highlights the risk of losing affordable housing units near transit hubs with anticipation of rising rents near the new Purple Line (McMillan and Dunn 2020). The study estimates that in the next ten years, over 4,000 deed-restricted and naturally occurring affordable housing units within a mile of transit stations may become unaffordable for low-income renters (McMillan and Dunn 2020).

This local case needs to be evaluated to determine if the transit-centered rent regulation will protect tenants from rent gouging and gentrification. To justify the regional impacts of rent control, two criteria need to be met. First, evidence needs to show that there is current and/or expected rent gouging near transit stations relative to outlying areas. Second, this policy needs to benefit low-income tenants with stability and monetary benefits that far outweigh the cost to the rest of the region.

RENTAL RATES IN MONTGOMERY COUNTY

Over the past twenty years, the 1.48 percent average annual rent increase in MC has been lower than the overall region and neighboring rent-stabilized Washington D.C. (OLO 2020). In 2020, the average county rent of $1,677 is eight percent lower than the predicted value calculated to reflect inflation over a twenty-year period (OLO 2020). Quarterly variations in rent increases and decreases also do not indicate a need for concern with increases greater than three percent in just 23 percent of quarters over the last 20 years (ibid.). These increases are further offset by declines in 18 percent of the quarters indicating an overall long-term natural progression of rent increases and decreases in MC (ibid.). Additionally, rents within the targeted policy buffer zone, one mile from transit stations, have a .2 smaller annual increase (1.28% versus 1.48%) than county wide rental housing (OLO 2020).

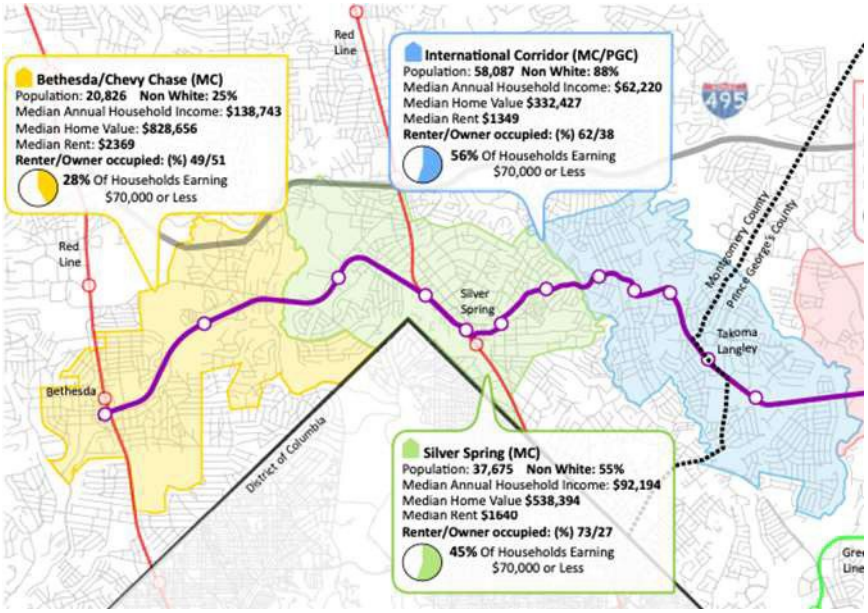
The rent regulation proposal assumes that completing the light rail line will cause rental rates near the stations to increase beyond inflation. A summary of housing research suggests that proximity to public transit can lead to rents between zero and 10 percent higher (Wardrip 2011). This impact, however, depends on mediating factors such as housing type, extent and reliability of the transit system, housing market strength, and neighborhood resources and amenities (Wardrip

2011). Within a single market, transit stations can have widely disparate effects on housing prices in nearby neighborhoods. Transit accessibility has been associated with increased home prices near higher-income station areas and also a dampening effect in lower-income neighborhoods (Wardrip 2011). This finding is concerning for MC because the affordable areas requiring preservation may experience disinvestment magnified by the price dampening effect of transit.

BENEFITS & COSTS

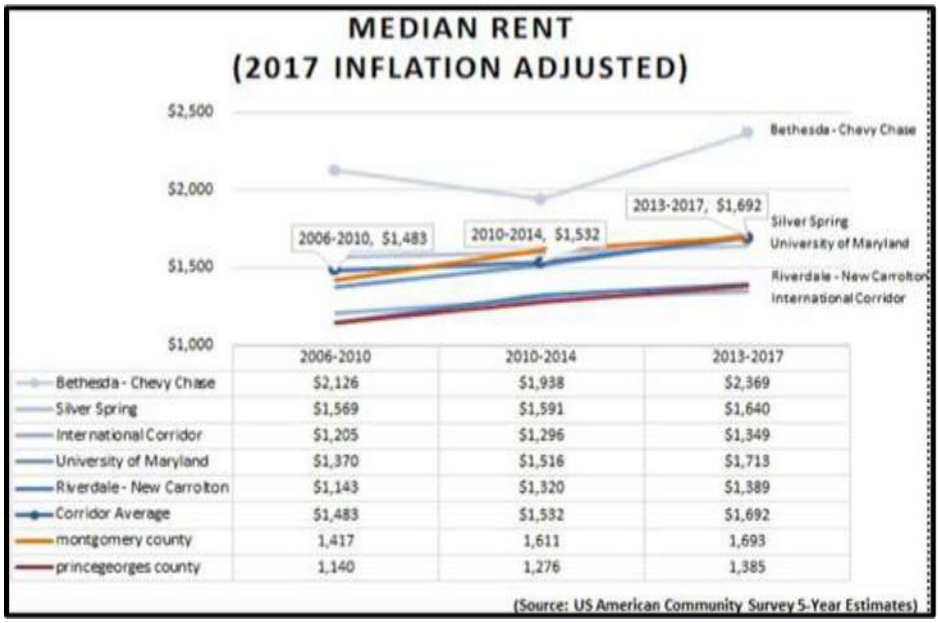
Rent regulations benefit a small group of controlled tenants at the expense of landlords, households, future tenants, and non-controlled tenants. To effectively preserve affordable housing, this small group of tenants needs to benefit substantially from the social insurance of rent support. While Montgomery County's policy targets a narrow geographic area, it applies broadly to renters of all income levels. As seen in Figure 1, there is a huge disparity in the buffer zones around Purple Line stations both in income and race. The rent regulations would impact both high-income tenants in the Bethesda and Chevy Chase area ($2,369 median rent) and lower-income renters in the International Corridor ($1,349 median rent) (Purple Line Corridor Coalition 2019).

Figure 1: Purple Line Demographics



Source: Purple Line Corridor Coalition (2019)

Figure 2: Purple Line Demographics (Alterative)



	2006-2010	2010-2014	2013-2017
Bethesda - Chevy Chase	$2,126	$1,938	$2,369
Silver Spring	$1,569	$1,591	$1,640
International Corridor	$1,205	$1,296	$1,349
University of Maryland	$1,370	$1,516	$1,713
Riverdale - New Carrollton	$1,143	$1,320	$1,389
Corridor Average	$1,483	$1,532	$1,692
montgomery county	1,417	1,611	1,693
princegeorges county	1,140	1,276	1,385

Source: Purple Line Corridor Coalition (2019, p.64)

Renters within one mile of the county's Metro and Amtrak stations have the highest overall income of all tenants in the region (OLO 2020). Therefore, to provide for more equitable outcomes, the rent regulation would need to center on Bus Rapid Transit and Purple Line stations and exclude housing near Metro and Amtrak stations. However, this regulation's lack of income targeting would still have the unintended consequence of supporting well-resourced populations.

The costs of this rent control policy to businesses and households throughout the county offsets any benefits to rent-controlled tenants. The economic impact statement for this proposal clearly states that this rent regulation would have an overall negative economic impact on the region (OLO 2020). The economic impact model shows that a one-year rent stabilization of one percent relative to market rates for the designated area would affect a $9.3 million tax on the real estate owners due to decreased asset values and property tax revenue (ibid.). This model predicts that county households will absorb the employment and earning losses from the real estate industry and uncontrolled tenants will face increased rents and rental housing shortages (ibid.). The economic impact statement indicates that a one percent relative difference in controlled and uncontrolled rental rates would result in an overall annual economic cost to county households of
$6 million, not including indirect impacts or spillover effects (OLO 2020).

AFFORDABLE HOUSING ALTERNATIVES

Rent controls will impose high costs on Montgomery County households and will not effectively increase the supply of affordable housing. The County should more strongly consider and reinvest in alternative policies to ameliorate the looming housing shortage.

Currently, MC is supporting several affordable housing programs and studies to propel affordable housing preservation and creation (McMillan and Dunn 2020). Affordable housing programs provide a high level of support for tenants and promote affordability through rental assistance, moderately priced dwelling units, right of first refusal, condo conversion controls, and renter tax credits (McMillian and Dunn 2020).

One such program already in existence is the Moderately Priced Dwelling Unit (MPDU) Program, through which Montgomery County has coordinated with private developers to produce affordable housing over the past thirty years (Montgomery County Council 2004). This program requires developers to set aside up to 15 percent of new housing for low to moderate income residents (Montgomery County Council 2004). Over the 99-year control period of MPDU rental units, the county sets the initial rates and regulates the annual rent increases to keep the unit affordable to households earning 65 percent of Area Median Income (70 percent for high rise apartments) (Montgomery County Council 2004). The county currently has over 2,000 MPDU controlled rental units, of which 900 are located along the Purple Line corridor (DHCA 2021). Though the MPDU program is similar to the proposed rent control regulations as it taxes developers for the sole benefit of controlled tenants, it is smaller scale and income targeted.

It is essential that naturally occurring affordable housing in the county is preserved and additional housing is built for low to moderate income households. To increase supply, targeted programs could provide tax credits or subsidies for the construction or rehabilitation of affordable housing. Removal of inappropriate regulatory barriers to rental housing construction and the threat of rent control could also serve as a guarantee to developers tasked with meeting housing supply goals.

Direct financial assistance to rent burdened tenants is also important in reducing displacement and supporting affordable housing supply. Less distortionary housing policies such as government subsidies or tax credits could remove landlords' incentive to decrease housing supply but still provide insurance for low-income families against large rent increases (Diamond 2018). While rent control results in tenants spending income on consumption other than housing, housing subsidies and credits are directly applied to an individual's housing costs resulting in improved conditions while not limiting mobility. Housing subsidies can target improved conditions for low-income renters by basing the allowance on a percentage of the recipient's rent, if housing meets certain standards. Benefits can also be allocated as tax credits or unrestricted cash grants for rent burdened tenants. The use of subsidies or other grants is determined based on the policy's goal; if the aim is to induce families to occupy better housing, housing allowances are the most efficient and equitable means of subsidizing housing.

Montgomery County currently uses property taxes to support a redistributive housing choice voucher program that provides over seven thousand rent subsidies to working poor households in privately-owned properties. This program can target renters based on income, percentages of housing to subsidize, and select high priority geographic areas. As this housing choice voucher program does not decrease the entry of developers and landlords, it supports renters while allowing market rates to remain affordable and affordable housing development to grow. Montgomery County should explore an expansion of its housing choice voucher program to low-

income tenants affected by Purple Line construction as a more effective and equitable alternative than the proposed rent regulations.

CONCLUSION

Montgomery County's proposed rent regulations seek to preserve affordable housing for low-income renters who might experience rent gouging and gentrification due to light rail transit expansion. Economic research indicates that this type of rent regulation benefits current rent-controlled tenants at the expense of the real estate industry, county households, non-controlled tenants, and future tenants. This regulation is inefficient, inequitable, and has extensive negative externalities and spillover effects resulting in higher unregulated rents and less rental construction. Local evidence does not justify these negative effects and instead shows that the geographically limited, broadly applied proposed policy would increase income inequality by supporting high income households. Less distortionary and more targeted affordable housing policies need to be evaluated as effective alternatives to rent regulations. For example, the expansion of a housing choice voucher system to rent-burdened tenants in the transit areas could serve as social insurance without reducing profit and disincentivizing supply. In addition, MPDU's and other local affordable housing policies with a rent control basis should be analyzed for their short- and long-term economic impacts on the region and the housing supply. These policies may need to be amended in addition to the imposition of supply side incentives such as tax breaks and developer subsidies so that the County's housing shortages can be effectively remedied by the local housing market.

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SIERRA CLUB
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April 23, 2023

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100 Maryland Avenue
Rockville, MD 20850

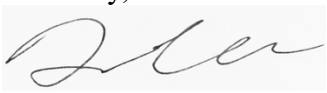
Dear President Glass and Members of the Montgomery County Council:

Since the pandemic rent cap was allowed to expire, evictions have skyrocketed. There are now roughly 300 eviction cases per month in front of our District Court. To help working class and low-income people stay in their homes, we *strongly support the Housing Opportunity, Mobility and Equity (HOME) Act, Bill 16-23*, which will cap rent increases at 3% a year.

The Sierra Club is concerned both about the supply of affordable housing and the protection of the remaining green space in our county. We believe the HOME Act will advance both goals. One way to provide housing without promoting more sprawl is to help people stay in their homes, and make maximum use of what is already built. We support provisions in the act to impose an excise tax on units held vacant, to promote fuller use of existing housing stock.
If rents rise much faster than they can afford, families are faced with impossible choices. They may be forced to move much further away from their jobs, adding to the economic and environmental cost of transportation, and the challenges of child care. The impacts of climate change in the form of floods, heat emergencies and pollution will also fall hardest on those with the least financial means.

If we want working families to be able to stay in Montgomery County, we need to help them out by passing the HOME Act. Please do.

Sincerely,



Darian Unger
Chair, Montgomery County Sierra Club
DWUnger@Howard.edu

Halpine Park LLC

March 27, 2023

Via Email
Mr. Evan Glass, Council President
And Members of the County Council
Council Office Building
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Re: March 28, 2023 County Council Public Hearing (Council Bill Nos. 15-23 and 16-23); Halpine Park LLC's Written Testimony

Dear Council President Glass and Councilmembers:

On behalf of Halpine Park LLC ("Halpine"), we offer the following comments to Council Bill No. 15-23 (the "Anti Rent Gouging Protections Act") and Council Bill No. 16-23 (the "HOME Act") (collectively, the "Proposed Council Bills") that propose to substantially modify well-established, longstanding rental housing policies in Montgomery County. Since the Proposed Council Bills are concurrently scheduled for public hearings (and will presumably be reviewed at work sessions in tandem), we are submitting comments to the Proposed Council Bills in one letter.

By way of background, Halpine is the owner of the apartment community known as Halpine View that is located at 12813 Twinbrook Parkway, 13001 Twinbrook Parkway, and 5508 Dowgate Court in Rockville (the "Property"). Halpine, through several local families including the Gudelsky family, has continuously owned and operated 564 garden style apartments at the Property since they were constructed in the mid-1960's. Snell Properties recently purchased a roughly one-third interest in the Property from several local families and now controls the Property with the Gudelsky family.

While the Property has been successful as a rental community for many years, the age and condition of these apartments require significant upgrades to meet market demands and compete with the amenities offered by other nearby apartment properties. As a result, Halpine recently obtained a substantial loan and set aside $19 million for significant capital expenditures into the apartments and amenities at the Property, including the addition of a clubroom, gym, patios, renovated pool house, enhanced landscaping, children's indoor play area, and dog recreational facilities. These proposed capital improvements will benefit the residents and County's commercial tax base. However, as explained in greater detail below, these capital expenditures will be infeasible if either of the Proposed Council Bills are adopted without amendments that fully consider economic fundamentals necessary to improve multi-family buildings.

I. Written Testimony to the HOME Act

Halpine strongly opposes the HOME Act because it would restrict allowable rent increases to a level that is insufficient to support most, if not all, capital expenditures necessary to ensure that multi-family communities are maintained to a condition that enhances resident's quality of life and public welfare for the long term. Halpine's goal is to continue to provide its residents with quality housing and amenities as has occurred for over 60 years at the Property. The Home Act would severely limit any further investment in Montgomery County and be a disservice to the residents at the Property.

A rent cap of 3% or the rental component of the annual CPI will have the effect of discouraging

reinvestment in existing housing. While the HOME Act includes provisions that would allow a property owner to petition for a fair rent return where certain capital expenditures are made, such discretionary process does not provide the certainty that is necessary for a property owner to undertake risk and incur financial obligations that allow for improvements. We respectfully request that the Council vote the Home Act down and not pursue this proposal any further.

II. Written Testimony to the Anti Rent Gouging Protections Act

In addition to the two previous paragraphs, Halpine is generally opposed to any form of regulated rent restrictions for market rate units and believes that it is in the public interest to allow market conditions to control rental rates.

Notwithstanding Halpine's opposition, the Anti Rent Gouging Protections Act presents a more workable framework than the Home Act. More specifically, the Anti Rent Gouging Act's proposal to limit annual rent increase to 8% plus the Consumer Price Index for All Urban Consumers (CPI-U) in the Washington area is likely to be consistent with what the market will support as a ceiling for rent increases at many apartment communities in the County. However, the proposed rent increase allowance still does not adequately account for situations where a property owner makes capital improvements to the benefit of residents and the County's tax base. In these instances, such investment is only feasible where the property owner can recoup its investment and achieve a rate of return commensurate with the risk of making such investment.

While proposed Section 29-58 of the Anti-Rent Gouging Act would create a limited and temporary surcharge for capital improvements, the mechanics and framework for the surcharge will not functionally allow for property owners to make such an investment because it lacks the certainty required to obtain financing. First, requiring a property owner to pursue a discretionary process to obtain approval for such a surcharge creates additional administrative costs and process that will frustrate and limit reinvestment in apartment communities that would otherwise enhance both the County's commercial tax base and residents' quality of life. In this respect, the County simply is not structured to efficiently and properly review capital improvement plans such that it can administer allowable surcharges as set out in the Bill currently. In addition, capital improvements should rightfully be determined by the owners of the property and not by a government. Second, the allowable timeframes for a property owner to recover the cost of capital improvements do not allow for the rate of return that is necessary to underwrite such improvements through financing. While the Anti-Rent Gouging Act permits recovery of capital costs over a 12-to-24-month period (depending on the nature of the improvements), these types of capital improvement projects can only be financed and implemented where a property owner has the opportunity to achieve a commensurate rate of return for a period commensurate with the useful life of such improvements. In most cases where significant improvements are made, recovery or return on investment over 12-24 months would be impossible. In our case, Halpine with gross annual rents of less than $10M would need to increase those rents by $19M over a one or two year period, which is not feasible.

In summary, a property owner bears all the risk (including lender commitments) in making such improvements to the benefit of their residents and the County's tax base, and the Anti Rent Gouging Act impairs a property owner's ability to achieve a rate of return that makes these capital improvements financeable.

Absent significant changes to the surcharge exemption in the Anti Rent Gouging Act, Halpine will be unable to reinvest the $19 million dollars set aside into the Property and unable to achieve the required rate of return on its underlying loan as anticipated and promised. Instead, proceeds would be used for other

investments outside of Halpine or distributed to its members for investment or use. Based upon the foregoing, we respectfully request that the surcharge language be modified to specifically exempt projects from the proposed rent increase allowance where they obtain financing to make capital improvements that exceeds some objective percentage of the overall assessed value of improvements for a property. **Halpine recommends that the Council amend the Anti Rent Gouging Act exemptions to include any project that takes out financing (or has already taken out such financing) to complete major capital improvements, with the financing exceeding 10% of the property's assessed value, for a period of 15 years following closing on such financing.** Such a policy will encourage reinvestment in apartment communities and ensure that property owners are incentivized to maintain their communities to the highest standards to the benefit of residents and the County's commercial tax base.

We thank you for your time and consideration reviewing these written comments to the Proposed Council Bills and hope that the Council will work with apartment owners to establish policies that continue to promote reinvestment and maintenance of multi-family housing to the benefit of County residents.

HALPINE PARK LLC,
a Maryland limited liability company

By: SNELL HALPINE, LLC,
a Delaware limited liability company, as
Administrative Manager

By: Snell Construction Corporation,
a Virginia corporation, its Manager

By: _____
Christopher R. Hanessian
President

cc: George Covucci, Halpine Park LLC
Marc Rubin, Halpine Park LLC
Matthew Gordon, Esq. & Robert Dalrymple, Esq.,
Selzer Gurvitch Rabin Wertheimer & Polott, P.C.

Oakwood Properties, Inc.
P.O. Box 5600
Rockville, Maryland 20855

May 26, 2023

Via Email
Mr. Evan Glass, Council President
And Members of the County Council
Council Office Building
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Re: March 28, 2023 County Council Public Hearing (Council Bill Nos. 15-23 and 16-23); Oakwood Properties Written Comments

Dear Council President Glass and Councilmembers,

On behalf of Oakwood Properties, Inc. ("Oakwood"), I am submitting these comments to Council Bill No. 15-23 (the "Anti Rent Gouging Protections Act") and Council Bill No. 16-23 (the "HOME Act"). Oakwood is the owner and developer of the Churchill Senior Living project, which is comprised of three (3) parcels of land totaling approximately 5.49 acres addressed as 20990, 21000, and 21010 Father Hurley Boulevard in Germantown (the "Property" or "Churchill Senior Living").

In general, Oakwood's position is that any form of rent control is not the solution to creating more affordable housing, and that both of the proposed bills are problematic. As evidenced by economic analyses of other jurisdictions that adopted rent control measures, these jurisdictions have experienced negative impacts in the form of decreased reinvestment in properties and a declining quality of housing stock. As a result, the HOME Act will discourage reinvestment in existing housing and production of new housing and should not move forward. Further, the Anti Rent Gouging Protections Act should be modified to exempt market-rate units, that are thirty years old or less, in development projects with a minimum of 30% of dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants.

The Property is currently improved with Phases I and II of the Churchill Senior Living project, which includes 255 independent dwelling units for seniors (62 years and up). Approximately 243 of these senior dwelling units were constructed under the County's Moderately Priced Dwelling Unit (MPDU) program or under a separate binding agreement that limits for at least 15 years the price or rent charged for the unit in order to make the unit affordable to households earning less than 60% of the area median income (sometimes referred to as low- to moderate-income tax credit units). As a result, **approximately 95% of the existing dwelling units at Churchill Senior Living constitute affordable units**. Oakwood obtained a Sketch Plan approval in November of 2022 that allows for Phase III of Churchill Senior Living, which would include up to 280 independent dwelling units for seniors (including additional regulated affordable housing units).

Bill No. 16-23 (HOME Act)

The HOME Act represents a fundamentally flawed policy because it does not account for underlying economic realities and capital markets that are necessary for property owners: (a) to reinvest in multi-family communities through capital improvements; and (b) to produce new housing through redevelopment. The creation of a 3% cap on annual rent increases for occupied units will severely limit the supply of housing stock in the County as property owners will be unable to achieve a rate of return that makes reinvestment and redevelopment economically viable. Notwithstanding the fact there are presently heightened construction costs and limited opportunities for construction financing on projects in the County, the HOME Act would render many projects infeasible where market conditions are strong. Limiting the rent growth on many multi-family dwelling units that have been occupied for more than 10 years will also compromise financing that did not assume such rent limits, which will in turn discourage reinvestment in existing communities. The HOME Act also fails to exempt dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants. All MPDUs (regardless of when they were constructed) and low- to moderate-income tax credit units need to be exempt from the rent controls proposed to avoid creating inconsistencies with the underlying regulatory agreements that apply to projects.

In summary, Oakwood submits that adoption of the HOME Act will significantly discourage property owners from improving existing apartment communities and producing new apartment communities that are necessary for the County to keep pace with the expected demand for housing. If adopted, the HOME Act will reduce property tax revenues and encourage investment in housing projects in neighboring jurisdictions over Montgomery County.

Bill No. 15-23 (Anti Rent Gouging Protections Act)

Oakwood is concerned with any rent control measures being adopted as such a policy will constrain its ability to obtain financing necessary to support the creation of regulated affordable senior housing as part of future phases at the Property. While the Anti Rent Gouging Protections Act establishes a more market-responsive annual rent increase allowance, this policy does not fully take into account projects that have committed to a higher proportion of regulated affordable units. An annual rent increase allowance of 8% plus the CPI-U index may be sufficient to finance and operate a project with 12.5-15% regulated affordable units, but it can disrupt and frustrate the financial viability of projects like Churchill Senior Living that include a substantial number of affordable units above and beyond the minimum required by Chapter 25A of the County Code. In these instances, a property owner is only able to underwrite increased, substantial affordable housing where they retain the control to establish market rents for a longer period of time than 15 years from occupancy. In order to ensure that the Anti Rent Gouging Protections Act does not preclude future phases of regulated affordable housing at Churchill Senior Living (and other projects that provide significant affordable housing), Oakwood respectfully requests that **Section 29-59 of the Anti Rent Protections Gouging Act be modified to exempt any market rate unit that has been offered for rent for less than 30 years where the project includes a minimum of 30% of the dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants**.

Thank you for the opportunity to submit these comments to the HOME Act and Anti Rent Gouging Act. Oakwood looks forward to the opportunity to continue to work with the Council and it staff to ensure that the prevailing County housing policies support and promote the creation of affordable senior housing.

Very truly yours,

Joseph F. Parreco
Oakwood Properties, Inc.
President

cc: Matthew Parreco, Churchill Senior Housing

Public Hearing on

Bill 15-23, Landlord-Tenant Relations – Anti Rent Gouging Protections
and
Bill 16-23, Landlord Tenant Relations – Rent Stabilization (The Home Act)

before the

The Honorable Evan Glass
Council President
Montgomery County Council

March 28, 2023

Testimony of Aaron Droller
Silver Spring, Maryland

Good evening, Council President Glass and members of the Montgomery County Council. My name is Aaron Droller and I am a resident of Silver Spring. Thank you for the opportunity to submit testimony on Bills 15-23 and 16-23 (collectively referred to hereafter as the Bills). I testify today in opposition to both Bills insofar as they propose any form of price controls on the Montgomery County housing market.

I want to state at the outset that I am not a landlord, renter, or home builder, so I have no immediate financial stake in this legislation. We all share the goal to deliver affordable housing in this county to a diverse range of socio-economic backgrounds, and I know every person on this Council is operating in good faith to meet that goal. However, the Bills as written will have the precise opposite of the intended effect, and ultimately will result in increased housing prices, lower housing supply, a deterioration of existing housing stock, and accelerated displacement of middle and working class residents.

At their core, these Bills impose government-mandated price ceilings. The history of price ceilings is highly fraught[1], and this Council should be deeply skeptical going down this road. Rent control is a blunt, ineffective instrument at solving the affordable housing crisis.[2] To be sure, a discrete group of renters who manage to get in on the ground floor will temporarily benefit from rent control. The costs of that benefit, however, will be borne by all Montgomery residents and future residents. Economists across the political spectrum agree that rent control, nearly universally, results in higher housing prices, lower housing stock, and, eventually, increased displacement.[3] Study after study have shown these results.[4] Real world examples, such

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[1] *See, e.g.* https://www.stlouisfed.org/publications/regional-economist/2022/mar/why-price-controls-should-stay-history-books.

[2] The Economics of Rent Control, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3272490.

[3] *See* https://www.igmchicago.org/surveys/rent-control/.

[4] https://econjwatch.org/articles/rent-control-do-economists-agree.

as New York[5], San Francisco[6], Boston[7], and Takoma Park[8] have shown how rent control exacerbates the fundamental imbalance between housing supply and demand by disincentivizing construction. St. Paul, Minnesota, recently attempted a 3% cap similar to the one being contemplated, and were quickly forced to backtrack when confronted with reality.[9]

The laws of economics apply in Montgomery County and no amount of tinkering will somehow evade those unintended consequences. I would also be remiss if I did not add that it is incongruent that the County Executive has proposed a drastic property tax increase that will significantly increase housing costs while at the same time supporting rent control. We live in a highly competitive, geographically integrated region. Home builders will simply take their business to Northern Virginia, or Frederick and Howard counties. Middle- and working-class Montgomery County residents will follow them there. Please reject these Bills. Thank you for your time and for your service to our county.

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[5] Rent Control, Rental Housing Supply, and the Distribution of Tenant Benefits, available at https://www.sciencedirect.com/science/article/abs/pii/S0094119099921630?via%3Dihub.

[6] THE EFFECTS OF RENT CONTROL EXPANSION ON TENANTS, LANDLORDS, AND INEQUALITY: EVIDENCE FROM SAN FRANCISCO, available at https://www.nber.org/system/files/working_papers/w24181/w24181.pdf.

[7] Out of control: What can we learn from the end of Massachusetts rent control?, available at https://www.sciencedirect.com/science/article/abs/pii/S0094119006000635#!.

[8] City of Takoma Park Housing and Economic Data Analysis available at https://documents-takomapark.s3.amazonaws.com/housing-and-community-development/Strategic%20Plan/FINAL_Takoma_Park_Housing_Economic_Data_Analysis_Oct2017.pdf.

[9] *See https://minnesotareformer.com/2022/09/21/st-paul-city-council-passes-sweeping-overhaul-of-rent-control-ordinance/.*

Adam Diamond_Bill 16-23_Support
Takoma Park

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

I have lived in Takoma Park for over 15 years and greatly appreciate the value that affordable rental housing has for a community's stability and well-being. I am very concerned that housing is becoming increasingly unaffordable in Montgomery County, which is why I strongly urge teh County Council to pass the HOME Act, Bill 16-23. Passing this bill into law will go a long way toward stabilizing housing for the ⅓ of Montgomery County residents that rent. It will provide significant protections against high rent increases that can effectively serve as eviction notices.

At the same time, I strongly oppose Bill 15-23, which is essentially legally approving of sky high rent increases. If passed, there would be no recourse for hundreds of thousands of renters when faced with landlords that want to raise their rent 15% or more a year. It would basically do nothing to stop rent gouging.

The Council needs to pass the HOME Act as soon as possible, with a cap on increases of no more than 3% annually. This will help provide the stability renters need, and help maintain quality of life for many Montgomery County residents. We are living through difficult times and it is the job of government to do all it can do to protect the most vulnerable among us. Renters must be protected from excessive rent increases.

Sincerely,
Adam Diamond
[redacted]

Alexandra Ralph
[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Alexandra Ralph and I live in Montgomery County District 4 in Wheaton-Glenmont. I'm 33 years old. I grew up in the same zip code where I currently live and currently work as an environmental educator.

I'm testifying because I support the HOME Act, Bill 16-23 and I strongly oppose Bill 15-23. I am demanding that the Council pass rent stabilization with a cap no higher than 3% and consider additional measures to protect tenants from unreasonable and unethical practices by landlords.

As a recent graduate from University of Maryland, I leased a studio apartment in downtown Silver Spring in 2017 for approximately $1500 a month. I was eager to have a space of my own and feel independent. I paid approximately 40% of my monthly income in rent to afford this independence while I tried to save for a house. After my first year, the landlord increased the rent by 3%. I asked why and the property manager said the new rent was in line with the going rate in the area. For reference, I lived in the building that went up in flames recently due to delays installing sprinkler systems. The building was very old and in need of improvements, but those improvements weren't implemented with the additional money they charged. The increase in rent was purely based on the landlord taking advantage of economic trends to profit.

I believe that people born in Montgomery County, graduates from the MCPS school system, should be able to return to the area and afford to live here, near their families, like me. Protecting the stability of family networks is crucial to a healthy society. Legislation to stabilize rents directly supports this stability by prevent families from moving due to unpredictable and exorbitant rent increases.

Landowners of rental properties provide a service to the county and should be regulated as service-providers. By creating housing, they provide structure to the community even as they generate their own wealth. Rent paid by tenants contributes to landlords' equity in the property. The eventual sale of these properties produces millions in dividends. It's for this reason that I have no doubt that landlords will continue to do business in Montgomery County even with rent constraints. Property ownership is rarely a losing game.

Rent stabilization will make a small dent in the wealth of landowners in the long run, but it will make a huge difference for tenants who make up 33% of all county residents. Wages simply are not keeping up with the pace of inflation. Should we punish tenants for the volatility of the economy by tying rent increases to CPI? Absolutely not. I think the County Council should treat tenants as valued customers and constituents who deserve to be able to predict their expenses and stay in their homes and in their neighborhoods. Further, please keep in mind County's policy on racial equity. Minorities and the poor are over-represented in the tenant demographic. Failure to protect them with the HOME Act is racist – it disproportionately harms people of color. The 8% + CPI proposal of Bill 15-23 is a charade of a bill that pays lip service to landlords while guaranteeing excessive rent increases that will further disrupt our communities, particularly those who are poor and people of color.

Again, I urge you to pass the HOME Act and codify a cap on rent increases of 3%.

Thank you,
Alexandra Ralph

Alex Fitts
[redacted]

Montgomery County Council
100 Maryland Ave
Rockville, MD 20850
24 March 2023
Re: Testimony in support of the HOME Act, Bill 16-23; and in opposition to the 'Anti-Rent Gouging' Bill 15-23
Honorable Members of the County Council,

Hello, my name is Alex Fitts and I am a resident of Silver Spring, and specifically a constituent of Natali Fani-González. I'm here to speak on behalf of over 500 members of the Montgomery County branch of Democratic Socialists of America or MOCO DSA. I would like to express our strong support for the HOME Act, Bill 16-23, while also urging you to reject the "Anti-Rent Gouging" Bill 15-23.

Our members are all too familiar with the exorbitant rate increases that would still be allowed by the so-called Anti-Rent Gouging Bill. Like Alex Banks who saw a 15% hike in his rent just this past year. Other members' continued residency in Montgomery County hinges on the exact cap that goes into law. One member, Tim, has already been displaced from Bethesda to PG county due to a 10% rent increase. Yet another member was recently forced to move to Takoma Park due to rent increases but now feels more secure in their living situation as a result of Takoma Park's rent stabilization.

Just hearing our member's individual situations gives a sense of the precarity so many folks are experiencing right now: A member on a fixed income who worries about their ability to rent in MoCo despite having roots in the area. A young person who can barely afford to rent a small apartment near their work in downtown Bethesda despite her and her partner having jobs related to their degrees.They did everything right, but still they are struggling. And finally, a parent who rents due to necessity and has only been able to stay in MoCo due to the luck and grace of a landlord who has not increased rent significantly. Being able to stay in MoCo should not come down to a single landlord's disposition.

These horrible experiences extend far beyond our own organization. MOCO DSA has spent the past 3 months knocking over 3200 doors at The Blairs, Gateway, Cinnamon Run and Yorkshire apartment complexes. Everywhere we went, we heard firsthand the devastating impact of rising rents on our communities. Folks have recalled losing countless neighbors whose rents were falsely raised, who did not speak English as their native tongue, who were ill equipped to deal with the games that were being played by the management companies and ultimately, were forced to just leave. They had no other recourse.

The HOME Act is a crucial step towards addressing this crisis. By capping annual rent increases at 3%, it will provide much-needed stability and predictability for our most vulnerable neighbors. This will help families stay in their homes, avoid eviction, and build a life where all can thrive. Building more housing and keeping current residents housed is not an either-or proposition - we need to do both. The HOME Act addresses the issue of displacement, and its various provisions will accord with policies to increase supply.

In contrast, the "Anti-Rent Gouging" Bill, is a dangerous and misguided proposal that would only make things worse for renters in Montgomery County. Looking at the data for the past three years, we can say without a doubt that Bill 15-23 would codify rent gouging by allowing annual rent increases of up to roughly 15%.

It is bewildering that one of the cosponsors of Bill 15-23 and my representative, Natali Fani-González, even agrees that this would be too high a cap as she said in a recent March 2nd Washington Post article and I quote,
“Yes, there have been extreme cases of people getting 15 to 20 percent rent increases, and those are crazy,” Fani-González said. “I want to focus on that and helping people in need.”

How is this helping folks in need when it is just codifying those extreme cases of rent gouging?

Rent stabilization is a matter of racial and economic justice. As a community, we cannot allow landlords to take advantage of vulnerable tenants and force them out of their homes with rent increases above 3% simply because they can't afford the rent. The HOME Act will help us build a more equitable and inclusive Montgomery County, where everyone can find a safe and stable home, regardless of race, class, and income.

Sincerely,

Alex Fitts

Alex Fitts

Alexis Kurtz
Silver Spring, MD

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

Hi, my name is Alexis Kurtz and I am from Silver Spring, in District 4. I am testifying in support of the HOME act, Bill 16-23, and in opposition of Bill 15-23.

As a child, my family was extremely poor. My mother was in and out of hospitals my entire childhood, so we could not afford a home. We moved from rental to rental for over a decade, to the point where I lived in over 20 houses before I turned 16. This caused an extreme amount of stress and anxiety in my life. I am thankful enough, lucky enough, to have been able to afford a home of my own for the last three years.

Unfortunately, it looks like I will not be able to for much longer.

I am a middle school teacher, which has been difficult lately. I cannot afford new shoes, decent clothes, or even three full meals most days. When gas prices rose, I was lucky enough to spend a few nights with family who lives closer to my work. I'm lucky enough to work in a school that gives out free breakfast, which I can eat for lunch.

Being a teacher is the only job I have ever wanted to do, but it just is not a sustainable career in Montgomery County. I got a 3% cost of living adjustment this year, but my rent is increasing 7%.

I can't afford the rent increase, but I can't afford to move either. Rent everywhere in the county is still rising, and there doesn't seem to be an end. If my rent increases again, I'll be forced to either move out of MoCo or leave the field of education altogether.

The county cannot concurrently allow housing prices to increase while not also providing adequate salaries to the teachers, nurses, and essential workers who work for the betterment of our community. I worry how the anti-rent gouging bill (15-23), which is certainly misnamed, will impact our children's education.

Montgomery County Public Schools do not have enough educators. The entire country is in a teacher shortage, and right now over 50% of MoCo teachers live outside of the county.

Montgomery County has already lost too many teachers because of the pandemic. How many teachers can Montgomery County afford to lose before our education system completely falls apart?

Teachers cannot continue to live their lives off of luck and the kindness of others. We need your help. Please support and pass the HOME Act, so that educators like me can receive the dignity and stability we are in desperate need of.

AGAINST BILL 15-23, FOR BILL 16-23 (HOME ACT)

Dear Montgomery County Council,

My name is Ana Laura Garcia, and I have been a Germantown resident for 20+ years. I am writing to express my disappointment with the proposed anti-rent gouging bill allowing landlords to increase rent of up to 8% + consumer price index.

It is disheartening to see that the interests of landlords are being put ahead of those of hardworking tenants who contribute to the fabric of our community.

As someone who has struggled to make ends meet in this community, I know firsthand the challenges many immigrant families face when finding affordable housing. Unfortunately, the high cost of rent in Montgomery County has already made it difficult for many of us to afford the necessities of life, such as food, clothing, and healthcare.

The lack of community input for this anti-rent gouging bill is even more disheartening. It is unacceptable and embarrassing that a bill that will significantly impact our lives is being pushed through without prior input and considering the community's needs.

Not only is the HOME ACT a detailed and meaningful proposal, but it also went through a meaningful process of gathering community input. As a result, it has countless support from community members, organizations, unions, essential workers, and so much more.

I urge the council to move forward with the HOME ACT and table the Anti-Rent Gouging Bill.

Sincerely,

Ana Laura Garcia.

EN CONTRA DEL PROYECTO DE LEY 15-23, A FAVOR DEL PROYECTO DE LEY 16-23 (LEY DE VIVIENDA)

Estimado Consejo del Condado de Montgomery,

Mi nombre es Ana Laura García y he sido residente de Germantown durante más de 20 años. Le escribo para expresar mi decepción con el proyecto de ley contra el aumento de la renta que permite a los propietarios aumentar la renta hasta en un 8% + el índice de precios al consumidor.

Es desalentador ver que los intereses de los propietarios se anteponen a los de los trabajadores inquilinos que contribuyen a la estructura de nuestra comunidad.

Como alguien que ha luchado para llegar a fin de mes en esta comunidad, sé de primera mano los desafíos que enfrentan muchas familias inmigrantes al encontrar viviendas asequibles. Desafortunadamente, el alto costo de la renta en el condado de Montgomery ya nos ha dificultado a muchos de nosotros pagar las necesidades de la vida, como alimentos, ropa y atención médica.

La falta de aportes de la comunidad para este proyecto de ley contra el aumento de la renta es aún más desalentador. Es inaceptable y vergonzoso que un proyecto de ley que tendrá un impacto significativo en nuestras vidas se apruebe sin aportes previos y considerando las necesidades de la comunidad.

HOME ACT no solo es una propuesta detallada y significativa, sino que también pasó por un proceso significativo de recopilación de aportes de la comunidad. Como resultado, cuenta con innumerables apoyos de miembros de la comunidad, organizaciones, sindicatos, trabajadores esenciales y mucho más.

Insto al concejo a que avance con la LEY DE HOME ACT y presente el proyecto de ley contra la especulación de rentas.

Atentamente,

Ana Laura García.

March 28, 2023

Anna T. Levy
Rockville, MD 20852

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Anna T. Levy, a resident of Rockville, Montgomery County Council District 4. I am submitting this testimony **in support of Bill 16-23, HOME Act and in opposition to Bill 15-23, 'Anti-Rent Gouging' Bill.**

Safe and stable housing has far reaching economic, health, and social benefits to individuals, families, and communities, and is key to reducing racial inequities. Renters routinely have little agency when faced with threats to maintaining stable housing. We have an obligation to ensure fairness in tenant/landlord law, to ensure safe living conditions, and to prevent homelessness.

I am fortunate to be able to afford housing in a safe and stable neighborhood. But many of my neighbors, more than a third of whom, already pay 40 or 50% or more of their incomes toward rent. Large rent increases force people to search for difficult to find - more affordable housing, and in worst cases, to live in fear of, and face, eviction. Although high rents may attract wealthy residents and improve the County's tax base, they push out people who want to continue to live in, benefit from, and contribute to our communities. Conversely, features which attract people to our community, such as excellent schools, are negatively affected when even our educators can't afford to live here. When a community becomes more and more unaffordable, longtime residents are forced to leave; destabilizing their immediate family's lives and their communities.

Is this the Montgomery County that we strive to create? Montgomery County thrives on the diversity of our residents and we need to make sure that all of our residents can thrive. The HOME Act (Bill 16-23) does not freeze rent increases but helps to provide predictability and affordability to all Montgomery County renters. Renters and landlords can plan for reasonable increases in costs of living and doing business over time. Bill 15-23, which will effectively codify unaffordable, double-digit rent increases, will not only cause displacement of already at-risk families, significant yearly increases in rents also discourage those who are more able to afford them and making our communities less welcoming.

Montgomery County needs more affordable housing. Stabilizing rents is just one part of the solution to addressing that need.

I thank Councilmembers Jawando and Mink for introducing this important bill and urge the members of the Montgomery County Council to approve the HOME Act, Bill 16-23 to help to keep people in their homes and strengthen our communities.

Thank you for the opportunity to provide comments on this critical legislation.

Dear County Council Members:

I am urging the council to create a new, unified bill combining elements from both 15-23 and 16-23.

As I wrote to the Council last year, in support of Expedited Bill 22-22, I support rent stabilization. During the time I was facing a rent increase from my landlord ranging from 10% - 20% depending on the terms. While I am fortunate enough to be able to weather the increase I face, many in the county were and are not able to weather such increases.

I believe a compromise bill should cap rents at CPI plus about 3%-6%. I believe this would offer renters stability while ensuring that housing production does not cease and freeze the county's housing production.

The Council should explore additional, innovative solutions such as **renter tax credits**. Presently, the county provides tax credits to homeowners that limit property tax increases, if the value of their property increases greatly (Homestead Tax Credits). While this tax credit has encouraged a housing shortage by subsidizing investments in property while incentivizing limiting more housing, I believe **a tax credit for rent increases** would promote equity, help provide some **stability** for renters, while ensuring landlords and apartment staff can continue to operate.

Rent stabilization legislation **must include zoning reform**. Increasing the amount of housing and legalizing more affordable types of housing (plexes, apartments, condos, townhouses, and so on) can also help stabilize rents. Likewise removing regulations such as parking minimums helps promote the creation. The reality is real rent stabilization requires large scale housing reforms in the county.

The County should be cautious about displacement, but the County also needs to address the larger problem of poverty concentration in the County. As reported by the County's Planning Department, concentrated poverty is becoming an increasing problem in the county. To address concentrated poverty, the County needs to address a history of segregation and exclusionary housing policy that requires greater reforms.

While I hope the Council is able to come together on rent stabilization, I hope the Council is able to take the reforms beyond just capping rent increases and address the larger systemic problems in the County's housing policies.

Thank you,

Benjamin Bradley

Downtown Silver Spring

Brooke Miller
[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23 AND IN OPPOSITION TO BILL 15-23

My name is Brooke Miller and I am a resident in District 4 of Montgomery County. I am testifying because I support the HOME Act, Bill 16-23 and oppose Bill 15-23. I ask that the Council support the HOME Act to provide stable rents in Montgomery County and ensure that all residents are provided affordable housing.

I moved into Montgomery County about a year ago. Even with a stable income, it was difficult to find affordable housing that connected me to necessary community structures (such as grocery stores and transportation). My rent will increase by 3% at the end of my year-long lease. Even this modest increase threatens my ability to remain in my home. After only one year of living in the county, I am nearly being priced out of my apartment. I would not be able to survive the 15% rental increases that could come with the passage of Councilmember Fani-Gonzalez' Bill 15-23. Bill 15-23 caters to the desires of small groups of people with outsized influence, such as building developers, and their interests. It does not speak to the concerns of the residents. This community will pay the consequences for actions that are not ours, that we never invited, and that we do not support. To threaten stable housing through codified 15% increases threatens the very fabric of a community.

I support the HOME Act as it seeks to protect renters, like myself and my neighbors, from rent gouges. I hope the Council shows its support for the residents of this community and passes the HOME Act Bill 16-23.

March 28, 2023

Montgomery County Council
Council Office Building
100 Maryland Ave, 6th Floor
Rockville, MD 20850

Bill 15-23, Landlord-Tenant Relations - Anti Rent Gouging Protections
Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

Dear President Glass and Members of the County Council:

Please accept the following testimony on behalf of the Coalition for Smarter Growth.

Coalition for Smarter Growth: Background
The Coalition for Smarter Growth is the leading organization in the Washington DC region dedicated to making the case for smart growth. Our mission is to advocate for walkable, bikeable, and transit-oriented communities as the most sustainable and equitable way for our region to grow and provide opportunities for all.

Addressing Montgomery County's housing shortage is a key part of our work in Montgomery County. CSG has been active in many campaigns to improve equitable access to housing opportunities and increase the variety of housing types in Montgomery County, including ending the growth moratorium and reducing regulatory restrictions on transit-oriented development; advocacy for Thrive 2050 and "missing-middle" or attainable housing; and reduced restrictions on constructing accessory dwelling units (ADUs).

CSG Recommendations on Rent Stabilization

Residents will be best served by a combination of tenant protections, targeted subsidies, and new housing production.

To achieve a balanced policy to provide long-term housing security for renters while avoiding negative impacts on affordable housing supply, we propose the following:

1. Set the rate of allowed increase to 3 to 5 percent plus CPI. The cost of labor, construction, and climate change mitigation/adaptation measures are often rising faster than the rate of inflation.
2. Apply the provision countywide so all renters are protected and transit-oriented development is not disincentivized.
3. Exempt new buildings for 15 years following issuance of a certificate of occupancy. Properties need to produce the highest rate of return for the first 10-17 years in order to secure favorable loan terms and pay off construction loans. Without an adequate exemption period, construction of new housing units becomes more expensive and more difficult, potentially limiting needed supply.

4. Consider different treatment for small multi-family buildings (10 to 50 units) and exempt buildings less than 10 units. Smaller buildings often have a more difficult time with capital maintenance because financing costs are typically higher due to a lack of economies of scale.[1]
5. Exempt units already subject to county, state, or federal agreements limiting rents charged until that regulation expires. For example, overlaying another rent regulation on top of existing ones could discourage Low Income Housing Tax Credit (LIHTC) investments, resulting in loss of lower-priced units.

Addressing Long-Term Affordability by Increasing Housing Supply
Rising rents are due in part to our limited housing supply, which limits alternatives for tenants. Rent stabilization is best understood as a *stability* policy, not an *affordability* policy: it can successfully reduce tenant displacement in the short-term, but complementary policies are needed to address the underlying, long-term structural issues making housing unaffordable.

To address long-term housing affordability, rent stabilization should not discourage new housing development and should be paired with policies that encourage new housing development—in particular, development of affordable housing and a variety of housing types that can be more affordable than existing options.

The following are examples of policies that can support additional housing supply and address some of the drivers of rising housing costs:

- Adopting the recommendations of the Attainable Housing Strategies Initiative, which recommends allowing more varieties of multi-family housing in more parts of the county
- Encouraging ADU development through incentives, "green taping" and regulatory reform, and additional guidance for homeowners considering ADU development
- Permit fee waivers
- Eliminating parking requirements for new development near transit, potentially reducing the cost of new units in transit-accessible locations
- Ensuring that we account for the combined costs of housing + transportation so that new supply is located in areas in close proximity to jobs and transit (the frequently used metric is that combined H+T costs should be no more than 45% of a household budget; see Center for Neighborhood Technology's H+T index).

Additional Comments: Financing, Enforcement, and Additional Rent Assistance
We would recommend that any rent stabilization policy take the following factors into consideration to facilitate an effective rent stabilization program while continuing to build the units we need to address our housing shortage:

- Sources of financing for new development, and feasibility under the rent stabilization policy of meeting requirements to secure financing (interviews should be conducted with for-profit and non-profit developers).
- Competition for investment with other jurisdictions, and risk of reduced investment in Montgomery County in favor of jurisdictions with fewer restrictions
- Risk of loss of rental stock through condo conversion

[1] See note below on Urban Institute study and example regulatory approaches distinguishing between truly small landlords and larger investors.

- Resources needed for effective administration, enforcement, and collection of data

We also support companion policies to increase tenant stability and prevent landlord retaliation against tenants in rent-stabilized units, including just-cause eviction and tenant right to counsel.

Under any rent stabilization policy, there will still be tenants who require additional support to pay rent and remain in stable housing. Additional funding for rental assistance—and supportive resources to assist tenants with accessing such assistance—is essential to fill in these gaps to provide stability for as many tenants as possible without disincentivizing needed new development.

Additional Resources and Example Policies
Articles and Reports

- **Jerusalem Demsas, Vox:** I changed my mind on rent control
- **Urban Institute: Rent Control:** Key Policy Components and Their Equity Implications
- **Enterprise Community Partners r**eport for City of Hyattsville: City of Hyattsville Housing Action Agenda (rent stabilization section begins on page 18)

Example Policies
Exceptions for Small Landlords:

From Urban Institute report:

> Most rent control regulations limit coverage by the number of units within a building and generally exclude small buildings and single-family homes. This limit is intended to exclude small landlords, who are more likely to own these properties and to sell or convert their properties into condominiums.
>
> This exclusion raises equity concerns; single-family homes have become an increasingly larger share of the rental housing stock, particularly in racially diverse neighborhoods, and their tenants are more likely to have children living in poverty (Pfeiffer, Schafran, and Wegmann 2020). And some large landlords own many small units, allowing them to evade rent control regulations. **Washington, DC, uses an alternative approach that bases coverage on the size of the owner's portfolio,** rather than on the number of units within a building, in an attempt to exclude small landlords from regulation. Similarly, **California's 2019 Tenant Protection Act** differentiates between small landlords and investors by ensuring that real estate investment trusts and corporate owners of single-family rentals are included in the coverage.

Enforcement, Education, and Data Collection

From Urban Institute report:

1. Recent rent control policies often have additional features to address negative outcomes from previous policy iterations. While closing loopholes creates targeted policies, it can also make them more complicated. Dense regulations are hard for both landlords and tenants to understand, which can leave landlords to accidentally fall into noncompliance or tenants unable to assert their rights.

"There are just all these little loopholes everywhere," a landlord explained. "It's always going to be incremental, and pretty soon, you have people on the side, people that actually provide houses, saying, 'This isn't worth it.'" **Oakland, California,** counters these concerns by proactively offering **rent stabilization workshops for small property owners**, along with **workshops geared toward teaching tenants their rights** under the law.

2. Tenants and landlords find their administrative burdens eased when localities track data about landlords, rents, and buildings subject to rent control. In **San Jose, California**, when tenants believed their landlord raised their rent to illegal levels, they had to initiate a petition to the city themselves. This changed in 2015 when the mayor and city council requested the rent stabilization program division to begin **a rental property registry that tracked controlled apartments, tenancy, and allowable increases through an online portal.** These data were also paired with property-level eviction data. [...] The registry not only **shifted the compliance responsibility from the tenant to the city** but also **gave the city valuable data to track and monitor the program.**

Carrie Kisicki



Montgomery County Advocacy Manager
Coalition for Smarter Growth



SEIU Local 500
901 Russell Avenue, Suite 300, Gaithersburg, MD 20879
March 29TH, 2023
RE: "Anti-Rent Gouging" Bill 15-23 in Opposition / "HOME Act" Bill 16-23 in Support

President Glass and the Montgomery County Council Members,

SEIU Local 500 would like to thank The Montgomery County Council for working to pass rent stabilization. We know this is an important and complicated issue for all of us. With historical data showing that average rent increases are less than 3 percent, we support capping annual rent increases at this rate. Hundreds of people are being displaced each month by rent increases of 5% or more. Our union members who work to keep our public schools running safely and efficiently should be able to continue to live and work in this county.

SEIU Local 500's goal is to ensure the people who care for and educate our children have peace of mind and stability. However, according to our sister union MCEA, over 60% of educators cannot afford a life in Montgomery County. We believe housing to be a basic human right no different than healthcare or an education.

When families that are already struggling to pay for housing face potential increases in rent, they have to decide between food, clothes, healthcare, or keeping a roof over their heads. Meanignful rent stabilization must be a key part of the long term solution to responsible growth and development in our beloved county.

Of the two solutions put forward by this council we believe the Home Act providesthe predictability that allows both tenants and landlords to plan for a stable future. Adopting the HOME Act would provide an immediate tool to curb the County's current crisis of evictions, displacement, and homelessness. Furthermore, the HOME Act would create a new source of income for Montgomery County to create the affordable housing we all know we need, by establishing a vacancy tax to disincentivize landlords from keeping units empty while also funding more housingFamilies with children face housing insecurity are affected in their growth and learning. Put the future of our children over the profits of a select few.

Thank you for your kind consideration and we ask that you support bill 16-23.

Christopher C. Cano, MPA
Coordinator for Member Political Engagement
SEIU Local 500

Halpine Park LLC

March 27, 2023

Via Email
Mr. Evan Glass, Council President
And Members of the County Council
Council Office Building
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Re: March 28, 2023 County Council Public Hearing (Council Bill Nos. 15-23 and 16-23); Halpine Park LLC's Written Testimony

Dear Council President Glass and Councilmembers:

On behalf of Halpine Park LLC ("Halpine"), we offer the following comments to Council Bill No. 15-23 (the "Anti Rent Gouging Protections Act") and Council Bill No. 16-23 (the "HOME Act") (collectively, the "Proposed Council Bills") that propose to substantially modify well-established, longstanding rental housing policies in Montgomery County. Since the Proposed Council Bills are concurrently scheduled for public hearings (and will presumably be reviewed at work sessions in tandem), we are submitting comments to the Proposed Council Bills in one letter.

By way of background, Halpine is the owner of the apartment community known as Halpine View that is located at 12813 Twinbrook Parkway, 13001 Twinbrook Parkway, and 5508 Dowgate Court in Rockville (the "Property"). Halpine, through several local families including the Gudelsky family, has continuously owned and operated 564 garden style apartments at the Property since they were constructed in the mid-1960's. Snell Properties recently purchased a roughly one-third interest in the Property from several local families and now controls the Property with the Gudelsky family.

While the Property has been successful as a rental community for many years, the age and condition of these apartments require significant upgrades to meet market demands and compete with the amenities offered by other nearby apartment properties. As a result, Halpine recently obtained a substantial loan and set aside $19 million for significant capital expenditures into the apartments and amenities at the Property, including the addition of a clubroom, gym, patios, renovated pool house, enhanced landscaping, children's indoor play area, and dog recreational facilities. These proposed capital improvements will benefit the residents and County's commercial tax base. However, as explained in greater detail below, these capital expenditures will be infeasible if either of the Proposed Council Bills are adopted without amendments that fully consider economic fundamentals necessary to improve multi-family buildings.

I. Written Testimony to the HOME Act

Halpine strongly opposes the HOME Act because it would restrict allowable rent increases to a level that is insufficient to support most, if not all, capital expenditures necessary to ensure that multi-family communities are maintained to a condition that enhances resident's quality of life and public welfare for the long term. Halpine's goal is to continue to provide its residents with quality housing and amenities as has occurred for over 60 years at the Property. The Home Act would severely limit any further investment in Montgomery County and be a disservice to the residents at the Property.

A rent cap of 3% or the rental component of the annual CPI will have the effect of discouraging

reinvestment in existing housing. While the HOME Act includes provisions that would allow a property owner to petition for a fair rent return where certain capital expenditures are made, such discretionary process does not provide the certainty that is necessary for a property owner to undertake risk and incur financial obligations that allow for improvements. We respectfully request that the Council vote the Home Act down and not pursue this proposal any further.

II. Written Testimony to the Anti Rent Gouging Protections Act

In addition to the two previous paragraphs, Halpine is generally opposed to any form of regulated rent restrictions for market rate units and believes that it is in the public interest to allow market conditions to control rental rates.

Notwithstanding Halpine's opposition, the Anti Rent Gouging Protections Act presents a more workable framework than the Home Act. More specifically, the Anti Rent Gouging Act's proposal to limit annual rent increase to 8% plus the Consumer Price Index for All Urban Consumers (CPI-U) in the Washington area is likely to be consistent with what the market will support as a ceiling for rent increases at many apartment communities in the County. However, the proposed rent increase allowance still does not adequately account for situations where a property owner makes capital improvements to the benefit of residents and the County's tax base. In these instances, such investment is only feasible where the property owner can recoup its investment and achieve a rate of return commensurate with the risk of making such investment.

While proposed Section 29-58 of the Anti-Rent Gouging Act would create a limited and temporary surcharge for capital improvements, the mechanics and framework for the surcharge will not functionally allow for property owners to make such an investment because it lacks the certainty required to obtain financing. First, requiring a property owner to pursue a discretionary process to obtain approval for such a surcharge creates additional administrative costs and process that will frustrate and limit reinvestment in apartment communities that would otherwise enhance both the County's commercial tax base and residents' quality of life. In this respect, the County simply is not structured to efficiently and properly review capital improvement plans such that it can administer allowable surcharges as set out in the Bill currently. In addition, capital improvements should rightfully be determined by the owners of the property and not by a government. Second, the allowable timeframes for a property owner to recover the cost of capital improvements do not allow for the rate of return that is necessary to underwrite such improvements through financing. While the Anti-Rent Gouging Act permits recovery of capital costs over a 12-to-24-month period (depending on the nature of the improvements), these types of capital improvement projects can only be financed and implemented where a property owner has the opportunity to achieve a commensurate rate of return for a period commensurate with the useful life of such improvements. In most cases where significant improvements are made, recovery or return on investment over 12-24 months would be impossible. In our case, Halpine with gross annual rents of less than $10M would need to increase those rents by $19M over a one or two year period, which is not feasible.

In summary, a property owner bears all the risk (including lender commitments) in making such improvements to the benefit of their residents and the County's tax base, and the Anti Rent Gouging Act impairs a property owner's ability to achieve a rate of return that makes these capital improvements financeable.

Absent significant changes to the surcharge exemption in the Anti Rent Gouging Act, Halpine will be unable to reinvest the $19 million dollars set aside into the Property and unable to achieve the required rate of return on its underlying loan as anticipated and promised. Instead, proceeds would be used for other

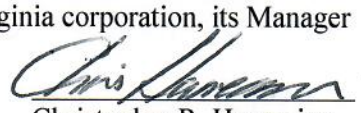
investments outside of Halpine or distributed to its members for investment or use. Based upon the foregoing, we respectfully request that the surcharge language be modified to specifically exempt projects from the proposed rent increase allowance where they obtain financing to make capital improvements that exceeds some objective percentage of the overall assessed value of improvements for a property. **Halpine recommends that the Council amend the Anti Rent Gouging Act exemptions to include any project that takes out financing (or has already taken out such financing) to complete major capital improvements, with the financing exceeding 10% of the property's assessed value, for a period of 15 years following closing on such financing.** Such a policy will encourage reinvestment in apartment communities and ensure that property owners are incentivized to maintain their communities to the highest standards to the benefit of residents and the County's commercial tax base.

We thank you for your time and consideration reviewing these written comments to the Proposed Council Bills and hope that the Council will work with apartment owners to establish policies that continue to promote reinvestment and maintenance of multi-family housing to the benefit of County residents.

HALPINE PARK LLC,
a Maryland limited liability company

By: SNELL HALPINE, LLC,
a Delaware limited liability company, as
Administrative Manager

By: Snell Construction Corporation,
a Virginia corporation, its Manager

By: 
Christopher R. Hanessian
President

cc: George Covucci, Halpine Park LLC
Marc Rubin, Halpine Park LLC
Matthew Gordon, Esq. & Robert Dalrymple, Esq.,
Selzer Gurvitch Rabin Wertheimer & Polott, P.C.

For Racial Equity & Social Justice, Pass HOME Act -- Don't Pass Pro-Rent Gouging Bill 15-23

Testimony from Community Vision for Takoma

Community Vision for Takoma, a grassroots informal network reaching more than 1,000 residents and neighbors of Takoma Park, supports the HOME Act (Bill 16-23) and opposes Bill 15-23, which could backfire and weaken, not strengthen, Montgomery County's commitment to racial equity and housing justice. As residents of Takoma Park, we know whereof we speak.

In Takoma Park, rent stabilization over the last few decades has contributed significantly to the stability and resilient health of our City, as well as to our ongoing efforts to become a more equitable community. Rent stabilization has played a major role in our success in celebrating and preserving our racial diversity. It has enabled Takoma Park to be a welcoming place where hard-working immigrants from many lands can plant new roots to raise their children in a community with strong schools and good local services. And it has helped diverse residents come together to build a strong civic culture that values the continued presence and contributions of all.

In fact, rent stabilization has not just provided increased housing security for Takoma Park residents who rent, of whom a high proportion are residents of color, but has also promoted a broad sense of stability that contributes to the health of our small city community-wide.

As you deliberate, please recognize how the HOME Act can encourage the same kind of community-wide security across Montgomery County. We also suggest you consult with Councilmember Kate Stewart, our former Mayor, who can attest to how pivotal rent stabilization has been in stabilizing our community.

Similar to the provision in the HOME Act, landlords in Takoma Park are able to petition for special increases beyond a particular year's limit if they find themselves in circumstances that require such an increase to maintain the safe, quality housing that residents deserve, while making a fair return for their own businesses. Takoma Park's suite of housing policies to prioritize fair housing also includes grant assistance with downpayments for first-time home buyers who are income eligible, and the Tenant Opportunity to Purchase Law, which since 1986 has given tenants a right of first refusal when a landlord decides to sell.

Together, these policies have supported numerous residents, on their own or organizing with other tenants, to transition from renting to home ownership without moving. That means beginning to build the kind of generational financial stability that has historically been disproportionately available to white families. On paper, that success story may look like a "loss" of rental housing units, but in actuality, it's been a gain for the individuals involved and for our community as a whole.

And, no, Bill 15-23 is not a promising alternative. How could it be, when the proposed bill effectively provides the County's stamp of approval for increases of at least 8 per cent every year, as well as double-digit increases when inflation equals or exceeds 2 per cent? Only in an Orwellian farce would that be dubbed "Anti-Rent Gouging." If adopted, Bill 15-23 is likely to backfire, and actually push up the level of average rent increases.

And, in response to some skeptics' argument that rent stabilization has discouraged housing construction, we note that The Cloudburst Group, in its 2017 *Housing and Economic Development Analysis* for the City of Takoma Park, identified a very different reason for the relative low rate of new construction. In fact, one of its key findings was this: "Because Takoma Park is mostly built out, there is

little new residential construction." Census data showing relatively high population density in Takoma Park supports this conclusion.

Please prioritize swift passage of the HOME Act as the fastest, most effective step the Council can take to increase stability of our community countywide and protect the constituents you represent who rent their homes from being forced by big rent increases to disrupt their families' lives, their children's schooling and social networks, and the shared fabric of community life by having to suddenly rush to find shelter elsewhere.

We have attached the Coalition for Nonprofit Housing and Economic Development's very useful document, *Rent Control Myths*, which we urge you to study. The Coalition, citing research, persuasively shows why negative claims about rent-stabilization policies are just that – myths – that stand in the way of achieving true racial equity and social justice. Its report demonstrates, for example, that such policies "have no discernible impact" on the pace of housing construction and are not associated with poor housing quality; and that, in fact, rent regulation may offer renters the protection they need to insist upon repairs.

We also note this critical point in that document: "By maintaining affordability across tenants, rent control helps stretch limited funds for subsidized programs—that only reach a fraction of those who need it—much further." So please don't delay or reject the HOME Act on the flawed rationalization that perhaps the County can – or will – totally subsidize its way to racial equity and social justice in housing. Rent stabilization is the fastest, most effective step the Council can take to advance housing justice now.

The current national and local housing crisis is a social emergency. It's time for the County government to act swiftly and decisively. That means passing the HOME Act and rejecting Bill 15-23.

Don't let Montgomery County's long struggle to inch toward racial equity and social justice retreat, on your watch. Don't put the County's official stamp of approval on rent increases of 8 percent plus inflation, placing us at risk for that high level eventually becoming the new normal.

Housing is shelter – a basic human need. In fact, as long ago as 1948, the right to adequate housing was recognized as a fundamental human right in the United Nations' *Universal Declaration of Human Rights*. Being in the business of providing safe, quality shelter to others is, therefore, an honorable way to make a living. The HOME Act gives ample room for honorable landlords and responsible developers to make a good living. But it does so while protecting the basic right to adequate shelter for so many of your constituents who rent their homes -- by preventing displacements from Montgomery County caused by unreasonable and unpredictable increases in rent.

In closing, please take to heart the summary statements of your own Office of Legislative Oversight (OLO) as to the likelihood that only one of the two rent-related bills before you – the HOME Act -- could have a "moderate to large" positive impact on advancing our County's most pressing social goals: Racial equity and social justice. In contrast, OLO's meager expectation that the alternative, Bill 15-23, would have only a "small" positive impact, but will not protect the most vulnerable residents of color from being forced out of the County should be sufficient reason to drop the latter bill like a hot potato. In this time of racial and social reckoning, selecting "small" over "moderate to large" benefits, is not an option.

Please take a serious, fair, practical step toward real social progress: Adopt the HOME Act (Bill 16-23). All of the constituents you represent – whether we rent or own our homes – will benefit from that kind of strong leadership from you, because it will protect and expand the resilience and wellbeing of our entire community. Thank you for your consideration.

Rent Control Myths

Economists who oppose rent control tend to prioritize theoretical supply-and-demand models over the complexity of housing markets, the nuances of different rent regulations, and the important role that housing plays in people's lives.[1] Further, many of the purported negative effects of rent control have been mitigated by tenant protections put into District laws during the decade 1975-1985, such as limitations on condominium conversions, the Tenant Opportunity to Purchase Act, and just cause eviction requirements, which make it harder for landlords to reduce supply. CNHED's research found the following regarding some of the most pervasive myths propounded by rent control's opponents:

- Rent control has no impact on housing construction. Conversions from rental housing to condominiums and other owner-occupied housing do occur but can be mitigated by closing regulatory loopholes and strengthening ordinances regulating conversions.
- Rent control does not lead to poor housing quality.
- Rent control provides a large stock of rental housing that is affordable for low- and moderate-income tenants and other communities vulnerable to displacement.
- The "trickle-down" or "filtering" theory that building more market-rate housing as the primary mechanism for providing affordable housing will neither ease the rent-burden of low- and moderate-income tenants, nor will it relieve the displacement pressures and housing instability that rent control is designed to alleviate.

Perhaps the biggest myth of all is that the current housing crisis has a singular solution. To solve the housing crisis, we must deploy every possible tool to ensure that housing is affordable. Rent control is unrivaled in its speed of implementation, scale, and cost-effectiveness.[2] Rent control regulations can take effect almost immediately, and because they apply to private rental housing, they operate at scale. In New York City, for example, twice as many low-income tenants live in rent-regulated units than in public and subsidized housing combined (365,000 vs. 182,000). In San Francisco, it is triple the amount (173,000 vs. 51,700).[3] Further, rent control does not add direct costs to city, state, or federal budgets. By maintaining affordability across tenants, rent control helps stretch limited funds for subsidized programs—that only reach a fraction of those who need it—much further.[4]

[1] Prasanna Rajasekaran, Mark Treskon, and Solomon Greene, "Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action?" Urban Institute, Washington, DC, January 2019, 2.
[2] Amee Chew and Sarah Truehaft, "Our Homes, Our Future: How Rent Control Can Build Stable, Healthy Communities." PolicyLink, Center for Popular Democracy, Right to the City Alliance, February 2019, 5-6.
[3] Chew and Truehaft, "Our Homes, Our Future," 19.
[4] Amee Chew and Katie Goldstein, "Universal Rent Control Now," Jacobin; Chew and Truehaft, "Our Homes, Our Future," 20-21.

Myth 1: Rent control decreases housing supply.

The theory that rent regulation impedes housing supply rests primarily on two premises.[5] First, it assumes rent control will discourage developers from building new housing. Second, it assumes rent control will restrict the stock of available rental housing by incentivizing landlords to move away from rental housing to ownership housing models (e.g., conversions to condominiums).

Reality: Rent control has no discernible impact on new housing construction. Conversions from rental housing to condominiums and other owner-occupied housing are a threat to rent control, but this impact can be mitigated by closing regulatory loopholes and strengthening ordinances regulating such conversions.

New Construction

Despite virtually all rent control regulations exempting new construction,[6] some theorize that rent control will discourage housing construction anyway. As of 2019, five states (New York, New Jersey, California, Maryland and Oregon) and Washington, DC have cities or jurisdictions with some form of rent regulation. Three cities in Massachusetts also had rent regulations up until repeal in 1995. Over the last few decades, there have been several empirical studies examining the effect of rent control on housing supply—specifically new construction. While we did not conduct a formal literature review, we compiled key findings from studies conducted in specific states or localities where the impact of rent regulation on housing production was assessed.[7]

Massachusetts: In an analysis of housing supply after the repeal of rent control in three Massachusetts cities—Boston, Cambridge, and Brookline—a 2007 study found that the end of rent control had a negligible effect on the construction of new housing.[8] In fact, this study found that multifamily building construction permits in these three cities reached their height in the mid to late 1980s—a time when rent stabilization policies were in full effect.

New Jersey: Multiple longitudinal studies comparing New Jersey municipalities with and without moderate rent control found no significant relationship between rent control and new housing construction.[9] The most recent study covered four decades of rent control and over 10,000 tenants.

Washington, DC: The only study of rent control in the District of Columbia was published in 1990, and found no significant relationship between rent control and new housing construction.[10] This study noted

[5] Prasanna Rajasekaran, "Will New Statewide Rent Control Laws Decrease Housing Supply?" Urban Institute blog, October 2, 2019.

[6] In the District, only buildings built before 1976 are covered under rent control so "new" effectively refers to the last 44 years.

[7] Oregon's rent control law was passed in February 2019, so no studies yet exist of its impact on housing supply. To our knowledge, no studies exist of New York's impact on housing supply, either.

[8] David Sims, "Out of Control: What Can We Learn from the End of Massachusetts Rent Control?" *Journal of Urban Economics* 61, 1 (2007): 141–142.

[9] John I. Gilderbloom and Ye Lin, "Thirty Years of Rent Control: A Survey of New Jersey Cities," *Journal of Urban Affairs* 29, 2 (2007): 213–214; Joshua Ambrosius, John Gilderbloom, William Steele, Wesley Meares, and Dennis Keating, "Forty Years of Rent Control: Reexamining New Jersey's Moderate Local Policies after the Great Recession," *Cities* 49 (2015): 128.

[10] Margery Turner, "Housing Market Impacts of Rent Control: The Washington, D.C. Experience," Washington, DC: Urban Institute, 1990, 84-94.

that new rental units were built in the District and other uncontrolled cities during the 1970s and 1980s, even when the rental stock nationwide was shrinking.[11]

California: The Urban Displacement Project assessed housing production from 2007 to 2013, and found that the six cities with rent control in the Bay Area produced more housing units per capita than cities without rent control.[12] A comprehensive report by Berkeley's Planning and Development Department considers the effect of rent control from 1978 to 1994 and concludes that "the best available evidence shows that rent control had little or no effect on the construction of new housing."[13]

On balance, there is little evidence to support the theory that rent control decreases housing production. In fact, the evidence shows that overall market conditions and zoning have much more influence over new housing supply than rent control regulations.[14] As such, cities and states should pair rent regulations and tenant protections with policies that facilitate new housing construction.[15]

Conversions from Rental Housing to Ownership Housing

There is some evidence to support the theory that rent control decreases the overall supply of rental housing by incentivizing landlords to convert rental units to condominiums and other forms of ownership housing. However, cities that saw an increase in condo conversions because of rent regulations did not have strong ordinances in place to limit these conversions, even though strong ordinances are commonly passed in conjunction with rent control regulations.[16] The District passed the Condominium Act of 1976 and the Rental Housing Conversion and Sales Act of 1980 within the first several years of home rule. Rent control to regulate condominiums, require majority support from the property's tenants for conversion, and prevent displacement of elderly tenants and tenants with a disability by allowing them to remain as renters after conversion. Before rent control was repealed in Massachusetts, cities included ordinances that made condo conversions cumbersome, including requiring that a rent control board approve conversions, giving tenants three years advance notice before conversion, and providing relocation assistance.[17] In California, most local jurisdictions with rent stabilization regulate condo conversions for buildings of a certain size, capping the percentage of rental units that can be converted, requiring that tenants have the right of first refusal, or requiring significant

[11] Turner, "Housing Market Impacts," 84-93.
[12] Miriam Zuk, "Rent Control: The Key To Neighborhood Stabilization?" Urban Displacement Project, September 9, 2015.
[13] Planning & Development Department, "Rent Control in the City of Berkeley, 1978 to 1994: A Background Report," City of Berkeley, May 27, 1998, 76.
[14] Chew and Truehaft, "Our Homes," 23; Manuel Pastor, Vanessa Carter, and Maya Abood, "Rent Matters: What are the Impacts of Rent Stabilization Measures?" USC Dornsife Program for Environmental and Regional Equity, Los Angeles, October 2018, 14; Nicole Montojo, Stephen Barton, and Eli Moore, "Opening the Door for Rent Control: Toward a Comprehensive Approach to Protecting California's Renters," Haas Institute for a Fair and Inclusive Society, Berkeley, CA, 2018; Leslie Gordon, "Strengthening Communities through Rent Control and Just-Cause Evictions: Case Studies from Berkeley, Santa Monica and Richmond," Urban Habitat, Oakland, CA, January 2018, 8-9.
[15] Jenny Schuetz, "Is rent control making a comeback?" Brookings Institution, July 17, 2019.
[16] Montojo, Barton, Moore, "Opening the Door", 28; Chew and Truehaft, "Our Homes", 37; Rajasekaran, "Will New Statewide"; Karolina Gorska and Mitchell Crispell, "Condominium Conversion Policy Brief," Urban Displacement Project, Berkeley, CA, February 2016, supra.
[17] Sims, "Out of Control," 131.

relocation assistance.[18] New York's recent rent reform allows conversion, but requires 51 percent of all current tenants to sign on to enable a non-evict conversion (as opposed to 15 percent previously).

A study of the 1994 expansion of rent control to small buildings in San Francisco found that landlords converted 15 percent of available rental housing to condominiums, cooperatives, and other types of nonrental property.[19] However, the authors of this paper attribute all conversions to the expansion of rent control, but do not consider the loopholes in California's rent control law that allowed conversions to happen in the first place—namely unsuccessful efforts to regulate "tenancies-in-common"—condo-like entities that skirt limits on conversions.[20]

Studies conducted in Massachusetts show that rent control has the potential to prevent condo conversions under the proper regulatory framework. One study on Boston, Cambridge, and Brookline, Massachusetts compared the rental and ownership patterns before and after the statewide repeal of rent control in 1995. It found that while rent control had no effect on the quantity of housing units supplied, housing units in previously-controlled areas were more likely to become rental units after the repeal of rent control than units in areas that never had rent control.[21] Another study focused just on Cambridge, Massachusetts found that the stock of condominiums increased 32 percent in the ten years following the repeal of rent control in Massachusetts at a time when the stock of residential houses decreased by 6 percent.[22] Cambridge repealed a 1979 ordinance preventing the conversion of rental units to condominiums at the same time as it repealed rent control.[23] This suggests that the rate of conversion of rental housing to ownership housing in markets could be mitigated by strengthening ordinances preventing or regulating conversions.

Some economic theory contends that rent regulations may boost housing supply.

In opposition to conventional economic theory, some theorize that rent regulations can boost housing construction in "tight" rental markets (i.e., markets with low vacancy rates and rising rents where developers and landlords have market power).[24] If developers cannot generate extra profits through rent increases due to rent regulations, they may be incentivized to build more units. Some evidence from California shows this to be true. Analyzing new construction across the decades, a 1998 report on the effect of rent control in Berkeley, California shows that building permits hit their highest levels since 1971 in 1989—nine years after the passage of rent control.[25] Further, the three largest Bay Area cities with rent control (San Francisco, San Jose, and Oakland) and Los Angeles built far more multifamily rental units since 2000 than cities without rent regulations.[26] A former Berkeley Housing Director described another way in which this theory could pan out: in hot rental markets, if rent control and

[18] Pastor, Abood, and Carter, "Rent Matters?" 15.
[19] Diamond, McQuade, and Qian, "The Effects of Rent Control," 3.
[20] Dean Preston and Shanti Singh, "Dear Business School Professors: You're Wrong, Rent Control Works," Shelterforce, March 28, 2018.
[21] Sims, "Out of Control," 142-143.
[22] David Autor, Christopher Palmer, and Parag Pathak, "Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, MA," *Journal of Political Economy* 122, 3 (2014): 671.
[23] Autor, Palmer and Pathak, "Housing Market Spillovers," 668-670; Rajasekeran, Treskon, and Greene, "Rent Control," 5-6
[24] Gary Painter, "Op-Ed: No, rent control doesn't always reduce the supply of housing," Los Angeles Times, October 31, 2018.
[25] Gordon, "Strengthening Communities," 8-9; Planning & Development Department, "Rent Control in the City," 74.
[26] Montojo, Barton, Moore, "Opening the Door," 28.

other tenant protections allow tenants to stay in their homes, tenants that can afford market rate housing will both drive demand for new construction and perhaps even be able to afford rents high enough to make new construction pencil out.[27] This theory is largely untested, but presented here to challenge conventional wisdom that all markets react the same to regulation.

Myth 2: Rent control results in lower maintenance and poor housing conditions.

Basic economic theory predicts that landlords will defer maintenance on their properties, because they are receiving a lower return on investment under rent control.

Reality: There is no association between poor housing quality and rent control units.

Poor building quality and deferred maintenance does not result from rent control. It is true that much of the rental housing stock that is affordable for low- and moderate-income tenants suffers from deferred maintenance issues of varying degrees of severity. But this problem exists across the continuum of public and private rental housing, not just in units covered by rent control.

A comprehensive 1990 study of the rental housing market in the District found a positive relationship between rent control and building maintenance. The study found that the share of physically deficient units declined from 26 percent to 20 percent after the passage of rent control.[28] Moreover, units exempt from rent control had higher rates of deficiencies than those under rent control (25 percent versus 20 percent). In a survey of 3,600 unassisted renter households in the District, 80 percent said that building maintenance was as good or better than it had been in the absence of rent stabilization. In fact, low-income renters, especially, said rent regulation made them more willing to insist on repairs.[29]

When assessing the impacts of rent control on building quality, it is important to distinguish between cosmetic improvements in a building's appearance and functional maintenance issues that decrease quality of life (e.g., plumbing, electrical failures, wiring shorts, etc.).[30] A study covering 1978-1987 in New York City found that landlords in rent-controlled buildings conducted maintenance, whereas other economic factors such as buyouts and vacancy decontrol induced landlords to renovate.[31] A study of the abrupt repeal of rent control laws in Boston, Brookline, and Cambridge, Massachusetts shows that rent control had no significant effect on functional maintenance issues, but that units were less likely after repeal to experience "chronic aesthetic" problems (e.g., broken paint or plaster, holes in walls, and loose railings).[32] Multiple studies indicate that landlords will defer maintenance on issues for which there are not significant consequences, suggesting that many quality issues could be mitigated by stricter enforcement of housing code violations, rewarding landlords who invest in and use a

[27] Pastor, Carter, and Abood, "Rent Matters?" 14.
[28] Turner, "Housing Market Impacts," 84-88.
[29] Turner, "Housing Market Impacts," 86; Chew and Truehaft, "Our Homes," 6, 23.
[30] Chew and Goldstein, "Universal Rent Control Now."
[31] Choon-Geol Moon and Janet G. Stotsky. "The Effect of Rent Control on Housing Quality Change: A Longitudinal Analysis," *The Journal of Political Economy* 101, 6 (1993), 1114-1148. An earlier study using 1968 data in New York City found a negative relationship between rent control and building quality, however the buildings in the study were already in a state of disrepair when rent control was adopted, making it difficult to isolate the effects of rent control. Joseph Gyourko and Peter Linneman, "Rent Controls and Rental Housing Quality: A Note on the Effects of New York City's Old Controls," *Journal of Urban Economics* 27, 3 (1990), 398-409. See also Lisa Sturtevant, "The Impacts of Rent Control: A Research Review and Synthesis," National Multifamily Housing Council, Washington, DC, May 2018, 13-14.
[32] Sims, "Out of Control," 143-146.

replacement reserve, or making rent increases contingent on maintaining units up to housing code standards.[33]

Another means to assess whether rent control causes landlords to disinvest in property maintenance is to look at housing provider petitions, which landlords can file with the District government to request extraordinary rent increases on tenants beyond the allowable annual increase. There are four types of housing provider petitions in the District—hardship petitions, substantial rehabilitation petitions, capital improvement petitions, and services and facilities petitions. If rent control were the sole reason rents in distressed properties were constrained, there should be high usage of these petitions. However, the use of these petitions in the District has historically been low, suggesting that rent control is not the primary reason landlords defer maintenance.[34] For example, there have been only 105 hardship petitions filed in the District during fiscal years 2007-2019, an average of eight per year.[35]

Myth 3: Rent control does not work well as an affordable housing program because it does not efficiently target low- and moderate-income tenants.

Some opponents claim that rent control is not an efficient mechanism for low-income tenants to access affordable housing.[36] They claim rent control hurts the poor, the elderly, and people of color, who are most in need of affordable rental housing, but are "locked out" of the rental market by tenants who occupy rent controlled units but are less in need of housing that is below market-rate.[37] They argue that housing vouchers, government subsidies, and Low Income Housing Tax Credits (LIHTC) are better mechanisms for creating more affordable housing options.[38]

Reality: Rent control does result in a large stock of rental housing that is affordable for low- and moderate-income tenants and other communities vulnerable to displacement.

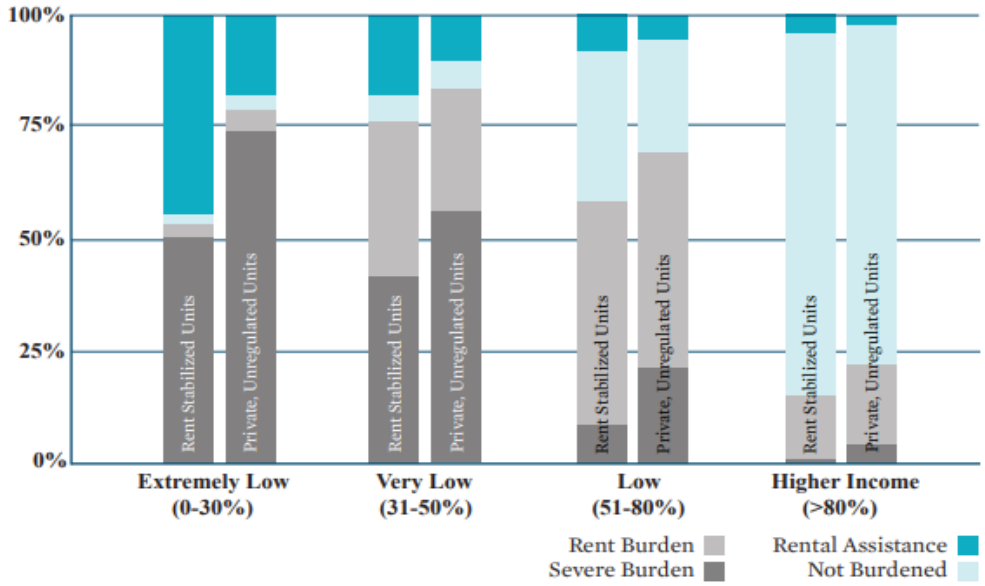
The private rental market has never produced enough housing to meet the needs of low-income tenants, and government subsidies have always been insufficient to fill the gap. Over the past several decades, government support for housing assistance has steadily decreased. Further, rents have continued to rise as wages have stagnated, resulting in the severe housing affordability crisis we face today.[39] Extremely-low-income renter households (those with incomes from 0-30 percent of Area Median Income) fare the worst; nationally, there are only 37 affordable rental units for every 100 extremely-low-income renters.[40] In the District, there is a shortage of over 30,000 rental homes for

[33] Rajasekeran, Treskon, and Greene, "Rent Control," 5; Gilderbloom and Lin, "Thirty Years of Rent Control," 209, 216; Sims, "Out of Control," 144; Pastor, Carter, and Abood, "Rent Matters," 11; Sturtevant, "The Impacts of Rent Control," 12-14. Nandinee K. Kutty, "The Impact of Rent Control on Housing Maintenance: A Dynamic Analysis Incorporating European and North American Rent Regulations," Housing Studies 11, 1 (1996), 69–88.
[34] Data collected by the Legal Aid Society of the District of Columbia and shared with CNHED. Turner, "Housing Market Impacts," 93, also found low usage of housing provider petitions during the 1980s.
[35] Data compiled by the Legal Aid Society of the District of Columbia.
[36] Sturtevant, "The Impacts of Rent Control: A Research Review and Synthesis," 8-10.
[37] Peter Dreier, "Rent Deregulation in California and Massachusetts: Politics, Policy, and Impacts," Occidental College, Los Angeles, May 1997, 43-44.
[38] Sturtevant, "The Impacts of Rent Control," 8; Diamond, McQuade, and Qian, "The Effects of Rent Control," 30-31.
[39] Chew and Truehaft, "Our Homes," 11.
[40] Andrew Aurand, Dan Emmanuel, and Diane Yentel, "The Gap: A Shortage of Affordable Homes," National Low Income Housing Coalition, Washington, DC, March 2019, 3.

extremely-low-income renters.[41] While rent control stabilizes housing costs for tenants, it does not use local and federal government assistance as subsidized affordable housing programs do.

Rent control's direct, first-order effect is to lower rents overall. Research unequivocally shows that rent regulations decrease rent burdens for tenants.[42] This reduced rent burden is especially true for low-income tenants. In New York City, low-income, rent-stabilized households are much less rent burdened than their market rate counterparts, especially among extremely-low-income households (Figure 1).[43] Extremely-low-income households are more likely to receive rental assistance, suggesting that rent stabilization complements rental assistance programs better than the private market does.[44]

Figure 1: Rent Burden and Rental Assistance by HUD income Limits in New York City



Source: Waickman, Jerome, and Place, "Affordability of Rent Stabilized Units," 4.

Several empirical studies have found that rent controlled units are disproportionately occupied by those with lower incomes than units that are not covered by rent control.[45] Several sources show that higher proportions of rent stabilized households in New York City are low income, elderly, and receive public assistance than unregulated households.[46] One estimate shows that if current rent control campaigns in six states (California, Colorado, Illinois, New York, Oregon, and Washington) and two cities (Philadelphia and Providence) succeed, 12.7 million tenant households will be stabilized, 75 percent of which are low- and moderate-income and most of which are housing cost-burdened (52 percent), meaning they pay

[41] National Low Income Housing Coalition, "2019 District of Columbia Housing Profile," February 2019.
[42] Rajasekaran, Treskon, and Greene, "Rent Control," 2; Pastor, Carter, and Abood, "Rent Matters?" 10-11; Oksana Mironova, "A Guide to Rent Regulation in New York City: How It Works, What Went Wrong, and How to Fix It," Community Service Society, New York, January 2019, 18, 22.
[43] C. R. Waickman, J. B. R. Jerome, R. Place, "Affordability of Rent Stabilized Units," New York City Department of Housing Preservation and Development, 2018.
[44] Waickman, Jerome, and Place, "Affordability of Rent Stabilized Units."
[45] Pastor, Carter, and Abood, "Rent Matters?" 8-10.
[46] Waickman, Jerome, and Place, "Affordability of Rent Stabilized Units," 1; NYU Furman Center, "Profile of Rent-Stabilized Units and Tenants in New York City," June 2014, 7 (Table H and Table I).

more than 30 percent of their income on rent.[47] Anecdotes of extremely wealthy tenants benefitting from rent control are just that—anecdotes. Upper income tenants living in rent-controlled units are exceptions, not the rule.

Rent regulation also helps other vulnerable communities. New Jersey, California, New York City, and Cambridge, MA (before the repeal of rent control) all have had higher proportions of racial/ethnic minorities in rent stabilized units.[48] Further, rent control reaches immigrants who are otherwise not eligible for federal housing assistance.[49] It also disproportionately benefits households headed by women, who are more likely to be rent-burdened.[50]

Subsidized housing programs can target low-income individuals with more precision, because housing vouchers and LIHTC are only available to tenants below certain income thresholds, and thus are more efficient at targeting low-income tenants. However, these programs are not meaningful alternatives to rent control, because the public and their elected representative have been unwilling to adequately fund them. Today, only one in five of the 22.3 million tenants in need of federal assistance receive it, a share that is slowly declining.[51] In 2017 in the City of Los Angeles, for example, nearly 190,000 people applied for 20,000 available spots on the Section 8 waiting list—a list that had previously been closed for thirteen years.[52]

Nationally, proposals to impose means testing requirements for rent control likely would lead to discrimination against low-income tenants and further erosion of rent control over time.[53] Income discrimination is already pervasive in many rental markets, as landlords are allowed to screen out tenants based on receiving housing assistance.[54] If means testing rent control resulted in a system that removed rent control from units with high-income households, then landlords would be incentivized to screen out low-income tenants. New York provides a case study of what can occur if units that exceed certain thresholds are deregulated. In New York's most recent wave of reforms, the city banned high-rent, high-income deregulation, which allowed rent-controlled units exceeding monthly rent of $2,774.76 (as of January 1, 2019) to be removed from rent control if a tenant earned more than $200,000 a year for two years in a row.[55] Similarly, under high-rent vacancy deregulation, landlords were allowed to deregulate vacant units when rents exceeded this threshold. Since 1994, when deregulation was first implemented, a total of 166,747 units have been lost (6,455 through high incomes and 160,292 through vacancy decontrol).[56]

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[47] Chew and Truehaft, "Our Homes," 19.
[48] Pastor, Carter, and Abood, "Rent Matters?" 19-21; Waickman, Jerome, and Place, "Affordability of Rent Stabilized Units," 1; Chew and Truehaft, "Our Homes," 12.
[49] Chew and Truehaft, "Our Homes," 21.
[50] Ibid.
[51] Ibid, 14-15.
[52] Pastor, Carter, and Abood, "Rent Matters?" 20.
[53] Montojo, Barton, Moore, "Opening the Door," 28.
[54] Kriston Capps, "Why is it legal for landlords to refuse Section 8 renters?" CityLab, December 13, 2018. While the District bans discrimination based on source of income, its Office of Human Rights is not adequately resourced to enforce this protection.
[55] Sharon Otterman and Matthew Haag, "Rent Regulations in New York: How They'll Affect Tenants and Landlords," *New York Times*, June 12, 2019; New York City Rent Guidelines Board, "Changes to the Rent Stabilized Housing Stock in NYC in 2018," May 16, 2019, 6-7.
[56] New York City Rent Guidelines Board, "Changes to the Rent Stabilized Housing Stock in NYC in 2018," 6-7.

Myth 4: Expanding the supply of market rate housing will cause a "filtering" or "trickle down" effect that will result in an increase in units accessible to low- and moderate- income tenants.

Some rent control opponents believe that instead of rent control, we should expand the supply of market rate housing so that rents for older units eventually will decrease. This process is known as "filtering"—when market rate housing "trickles down" and becomes more affordable over time as new units are added to the market.[57] This theory works as follows: building luxury apartments allows the wealthiest to move into the newest housing, and when supply eventually outstrips demand, this high-end housing will "filter" or "trickle down" to lower-income tenants.[58] The theory posits that rent control impedes the natural filtering that occurs in a market, because tenants in rent-controlled units may be disinclined to upgrade their units, even as their incomes increase.[59]

Reality: Building more market rate housing as the sole mechanism for providing affordable housing will not alleviate the rent-burden of low- and moderate-income tenants, nor will it relieve the displacement pressures and housing instability that rent control is designed to alleviate.

While most cities and states need to produce new housing—especially affordable housing—rent control and access to affordable housing through filtering do not fill the same needs. For one, building more market-rate housing neither provides residential stability nor alleviates displacement for current tenants. A study on the relationship between housing production, filtering, and displacement shows that the production of market-rate and affordable housing both reduce displacement pressures at the regional level, though affordable housing (i.e. units built with LIHTC and other federal and state subsidies) has twice the impact of market-rate housing.[60] This means that for every subsidized unit built, we would need to produce two or more market-rate units to have the same reduction in displacement pressure.[61] However, across the country, new housing construction is much more likely to be concentrated at the upper end despite increased need for affordable units.[62] In 2016, only 19 percent of new rental units rented for less than $850 per month (down from 42 percent in 2001), while 40 percent of newly built units rented for $1,500 or more.[63]

Further investigation done at the neighborhood level in San Francisco found that neither type of new housing construction—market-rate or affordable—relieved displacement pressures.[64] The finding that new housing construction may help relieve displacement at the regional level, but has little to no impact

[57] Miriam Zuk and Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," Institute of Governmental Studies, UC Berkeley, May 2016, 3.
[58] Miriam Axel-Lute, "Trickle Up Housing: Filtering Does Go Both Ways," Shelterforce, November 2, 2017.
[59] Brian McCabe, "Rent control, explained," Greater Greater Washington, September 13, 2016.
[60] One reason affordable housing construction may relieve displacement pressures more than market-rate housing could be due to a sort of reverse filtering. When developers build affordable housing in a tight, high-cost market, it trickles up, not down. For example, extremely-low- and very-low-income tenant households (0-30 and 31-50 percent of AMI, respectively) who are paying more than 50 percent on their income or more on housing, meaning they are currently occupying housing that is affordable to tenants at 50 to 80 percent of AMI. When housing is built to be affordable for those below 50 percent of AMI, housing formerly occupied by tenants that were living above their means will become available for those between 50 to 80 percent AMI. Zuk and Chapple, "Housing Production"; Axel-Lute, "Trickle Up Housing"; Dan Emmanuel, "The Upshot of Focusing on Extremely Low Income Renters: Expanded Housing Availability for All Renters," National Low Income Housing Coalition, May 18, 2016.
[61] Zuk and Chapple, "Housing Production," 4.
[62] Chew and Truehaft, "Our Homes," 14.
[63] Ibid, 14.
[64] Zuk and Chapple, "Housing Production."

at the neighborhood level, suggests that in San Francisco and similar housing markets the need for housing is so severe that production alone cannot mitigate displacement.[65] New construction—especially if it is affordable—may impact housing prices over time, but does little to combat the negative effects of housing instability that results from displacement from one's neighborhood.[66]

The theory of filtering rests on creating enough supply that those with the highest incomes will move and pass on older housing stock to those at the next income level (and so on and so on). However, the housing shortage we face today is decades in the making. Restrictions on new housing construction since the 1970s have prevented the kind of filtering that has historically produced much of the country's affordable housing stock.[67] As such, there is not a readily available supply of aging housing at lower price points in cities that need it the most.[68] Even if new construction were to begin today, it would take generations for the filtering process to produce housing that is affordable.[69] According to the American Economic Association, the rent of a typical unit declines an average of 0.31 percent per year—meaning rent will fall only 9 percent after 30 years.[70] Research shows that filtering rates have an inverse relationship with housing inflation, so cities that are experiencing a rapid rise in rents have slower filtering rates.[71] Filtering also rests on the assumption that renters always will opt for new, luxury housing. However, in some markets where rents are quickly rising, renters are showing preference for older, architecturally significant properties, which disrupts the so-called filtering process.[72] In fact, one study found that once a rental unit hits 50 years or older, it begins to "filter up" and starts being coveted by higher income tenants again.[73]

The theory of filtering is not borne out by data. A recent study shows that the United State lost nearly 4 million low-cost rental units (defined as under $600/month) from 1990 to 2017.[74] This loss is despite *a net gain of 10.9 million rental units* during this time. Ninety-five percent of this net increase stems from units renting for over $1,000/month. If the filtering theory panned out, then this increase in high-rent units should have led to an overall decrease in rents—or at least a slower increase. But this has not been the case. In 1990, 46 percent of rental units nationwide went for under $600/month (inflation-adjusted). In 2017, that number decreased to just 16 percent.

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[65] Ibid, 7.
[66] Jeff Fong, "Trickle-Down Housing Economics? Laying Reagan's Ghost to Rest," Market Urbanism, August 25, 2015.
[67] Daniel Hertz, "What filtering can and can't do," City Commentary, October 11, 2015.
[68] Fong, "Trickle-Down Housing."
[69] Zuk and Chapple, "Housing Production," 3.
[70] Emily Badger, "How to make expensive cities affordable for everyone again," *Washington Post*, February 19, 2016.
[71] Zuk and Chapple, "Housing Production," 3.
[72] Ibid, 3.
[73] Hertz, "What filtering can and can't do."
[74] Elizabeth La Jeunesse, Alexander Hermann, Daniel McCue, and Jonathan Spader, "Documenting the Long-Run Decline in Low-Cost Rental Units in the US by State," Joint Center for Housing Studies of Harvard University, September 2019, 4.

Please Don't Pass Pro-Rent Gouging Bill 15-23 – For Racial Equity & Social Justice, Pass HOME Act

As a resident of Takoma Park, I'm acutely aware of how much rent stabilization has strengthened and supported the stability and resilient health of our City over the last few decades. It has played a major role in our success in celebrating and preserving our racial diversity, offering a welcoming place with strong schools and good local services for hard-working immigrants from many lands to set down new roots to raise their children, and building together across our community a strong civic culture that values the continued presence and contributions of all residents. Rent stabilization has provided not just increased housing security for Takoma Park residents who rent, of whom a disproportionate share are residents of color, but also a kind of community-wide security that enriches all of our lives.

And no, the sky has not fallen.

In fact, similar to the provision in the HOME Act (16-23), landlords in Takoma Park are able to petition for special increases, if they find themselves in any particular year in circumstances that require that to maintain the safe, quality housing that residents deserve, while making a fair return for their own businesses. Takoma Park's suite of housing policies also includes other initiatives to prioritize fair housing, including grant assistance with downpayments for first-time home buyers who are income eligible and the Tenant Opportunity to Purchase Law, which since 1986 has given tenants a right of first refusal when a landlord decides to sell. Together, these policies have supported numerous residents, on their own or organizing with other tenants, to transition from renting to home ownership without moving, and so to begin to build the kind of generational wealth and stability that has historically been disproportionately available to white families. (A success story that, on paper, may look like a "loss" of rental housing units, but in actuality is a gain for the individuals involved and our community.)

But rent stabilization in particular has been key to our community's stability and the prevention of our neighbors – your constituents! -- being forced by big rent increases to disrupt their lives, their children's lives, and the fabric of our community by having to suddenly rush to find shelter elsewhere. Now it's time for Montgomery County to apply similar wisdom countywide.

Our County, like our nation, is in the midst of a housing crisis, a social emergency. It's time for the County government to act swiftly and decisively – as governments have a responsibility to do when residents' security is at issue. I urge the Montgomery County Council to resist the lure of a faux response – which is what the misnamed "Anti-Rent Gouging" bill would be. Instead, please prioritize coming together to unanimously pass the Housing Opportunity, Mobility, and Equity (HOME) Act.

Don't let Montgomery County's long struggle to inch toward social justice and racial equity roll backwards, on your watch. The County's official stamp of approval on increases of 8 percent plus inflation? Anyone familiar with human psychology would predict that arguably obscene increase would eventually devolve into the new normal.

Housing is shelter. And shelter, like food and water, is a basic human need. It is, in fact, so essential to human wellbeing that long ago, in 1948, the right to adequate housing was recognized as a fundamental right by the United Nations in the *Universal Declaration of Human Rights*. Being in the business of providing safe, quality shelter to others is, therefore, an honorable way to make a living -- but it's not an honorable way to try to make a killing. The HOME Act gives ample room for honorable landlords and responsible developers to make a good living. But it does so while protecting the basic right to adequate

shelter for so many of your constituents who are renting their homes -- by protecting them from being displaced from our County by unreasonable and unpredictable increases in rent.

In closing, please take to heart the summary statements of your own Office of Legislative Oversight, as to the profound impact that one of the two rent-related bills before you could have in advancing our County's most pressing social goals, compared to the smallness of the other bill's potential, at a moment when smallness in acting to achieve equity should not be an option (highlighting added):

The misnamed "Anti-Rent Gouging" bill:
https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2023/Bill15-23.pdf

"**Summary:** The Office of Legislative Oversight (OLO) anticipates Bill 15-23 will have a small positive impact on racial equity and social justice (RESJ) in the County. While the proposed rent regulations would disproportionately benefit Black and Latinx tenants, the magnitude of the allowable rent increases could still displace cost-burdened Black and Latinx households. Further, the Bill contains no provisions to prevent tenant displacement. Nonetheless, the Bill could prevent more excessive rent increases that could worsen current racial inequities in housing insecurity.

The HOME Act:
https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2023/Bill16-23.pdf

"**Summary:** The Office of Legislative Oversight (OLO) anticipates Bill 16-23 will have a moderate to large positive impact on racial equity and social justice (RESJ) in the County. The proposed rent regulations would disproportionately benefit Black and Latinx tenants with improved housing affordability and stability. Further, the Bill systemically reinforces these benefits through establishing a permanent rent regulation program; creating new funding for affordable housing and the administration of the rent regulation program; and including provisions aimed at preventing tenant displacement.

Those summaries clarify the situation for you: Please resist the embarrassingly transparent pretense of taking action – Bill 15-23 – which is likely to backfire and actually push up the level of average rent increases. Instead, adopt the HOME Act (16-23), and take a serious, fair, practical step toward real social progress. All of us – the third of your constituents who rent their homes and the two-thirds of your constituents who own their homes – are counting on that kind of strong leadership from you to protect and expand the resilience and wellbeing of our entire community.

Colleen Cordes
Takoma Park Resident

Danielle Herrmann
Takoma Park, MD

Testimony in Support of the HOME Act (Bill 16-23), and In Opposition to the "Anti-Rent Gouging" Bill (Bill 15-23)

My name is Danielle Herrmann, and I am a resident of District 4, in Takoma Park. As a medical clinical social worker, I have witnessed the adverse effects of unstable housing and substandard housing conditions, disproportionately borne by our community's most vulnerable individuals and families. The injurious impact has staggering consequences, especially for children, BIPOC, and members of low-income communities, as well as elders and those with disabilities. The National Association of Social Workers recognizes that adequate shelter – which, importantly, means stable shelter – is essential to a stable life, mental well-being, and health and safety.

As an immunocompromised senior citizen, this universal need hits close to home; my now-safe, stable housing is my lifeline. But I lived in dangerous conditions despite being a tenant in good standing, paying over $25,000 in rent per year for a unit in a multi-family dwelling. All tenants were subjected to uncontrolled roaches, which, according to Pest Control, were the result of chronic basement flooding and structural leaks creating wall moisture and mold in units. During the winter we often had insufficient or no heat for days or even weeks. Some tenants used electric heaters 24/7, which put all tenants at risk of unintended injury and death. I tried for months to leave unsafe situation. But finding affordable housing as an elderly person with serious medical conditions during the pandemic, when there are no guardrails regarding the rising cost of rentals, has been a nightmare. The other tenants are faring no better by staying. They're terrified of rent increases with no limits and fear retaliation if they speak up regarding the situation.

I also come to you as a social worker for whom navigating housing resources should be easy - at least, easier. Yet the search was arduous and exhausting. What type of community is Montgomery County creating if it does not address the suffering of those of us living with housing insecurity, which is even more pronounced for our county's BIPOC, disabled, and low-income communities?

There is a movement of tenants and supporters demanding change. The HOME Act, by stabilizing rents at a maximum of 3%, changing reporting requirements for landlords, creating funding for affordable housing through its vacancy tax, and requiring transparency around landlord maintenance, would stabilize a housing market too precocious for even the most experienced to navigate. On the other hand, Bill 15-23 would codify and *incentivize* the very same instability that threatens the health of our county's renters – almost half of our County!

I urge the Council to pass the HOME Act swiftly, and to full oppose Bill 15-23. Thank you.

ROSE VALLEY
MANAGEMENT

April 18, 2023

Via Email
Mr. Evan Glass, Council President
And Members of the County Council
Council Office Building
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Re: March 28, 2023 County Council Public Hearing (Council Bill Nos. 15-23 and 16-23); Rose Valley Management DBA Hampshire Properties LLC's Written Testimony

Dear Council President Glass and Councilmembers:
On behalf of Rose Valley Management, we offer the following comments to Council Bill No. 15-23 (the "Anti Rent Gouging Protections Act") and Council Bill No. 16-23 (the "HOME Act") (collectively, the "Proposed Council Bills") that propose to substantially modify well-established, longstanding rental housing policies in Montgomery County. Since the Proposed Council Bills are concurrently scheduled for public hearings (and will presumably be reviewed at work sessions in tandem), we are submitting comments to the Proposed Council Bills in one letter.
Rose Valley Management is the management company for The Enclave at Silver Spring Apartments (1,119 apartment homes and Milestone Apartments (576 apartment homes) in Germantown. The age and condition of these apartments require significant upgrades to meet market demands and compete with the amenities offered by other nearby apartment properties. Rose Valley Management has spent millions of dollars on capital expenditures into the apartments and amenities, including riser replacements, Amazon Lockers, complete parking and garage repairs, full renovations of apartment homes, enhanced landscaping, and dog recreational facilities, not to mention the day to day upkeep of the property and apartment homes. These proposed capital improvements will benefit the residents and County's commercial tax base. However, as explained in greater detail below, these capital expenditures will be infeasible if either of the Proposed Council Bills are adopted without amendments that fully consider economic fundamentals necessary to improve multi-family buildings. All parties recognized the risk in spending that amount of capital but were convinced in part due to the quality of the location and its durability as a long term community and investment for the families. Being required to conform to a newly enacted, unanticipated rent control ordinance will damage our business. In fact, adoption of the Home Act in any form may preclude any reinvestment in the Property.

I. Written Testimony to the HOME Act

Rose Valley Management strongly opposes the HOME Act because it would restrict allowable rent increases to a level that is insufficient to support most, if not all, capital expenditures and operations necessary to ensure that multi-family communities are maintained to a condition that enhances resident's quality of life and public welfare for the long term. Rose Valley Management's goal is to continue to provide its residents with quality housing and amenities. The Home Act would severely limit any further investment in Montgomery County and be a disservice to the residents at the Property.
A rent cap of 3% or the rental component of the annual CPI will have the effect of discouraging reinvestment in existing housing. While the HOME Act includes provisions that would allow a property owner to petition for a fair rent return where certain capital expenditures are made, such discretionary process does not provide the certainty that is necessary for a property owner to undertake risk and incur

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financial obligations that allow for improvements. We respectfully request that the Council vote the Home Act down and not pursue this proposal any further.

II. Written Testimony to the Anti Rent Gouging Protections Act

In addition, Rose Valley Management is generally opposed to any form of regulated rent restrictions for market rate units and believes that it is in the public interest to allow market conditions to control rental rates.

Notwithstanding Rose Valley Management's opposition, the Anti Rent Gouging Protections Act presents a more workable framework than the Home Act. More specifically, the Anti Rent Gouging Act's proposal to limit annual rent increase to 8% plus the Consumer Price Index for All Urban Consumers (CPI-U) in the Washington area is likely to be consistent with what the market will support as a ceiling for rent increases at many apartment communities in the County. However, the proposed rent increase allowance still does not adequately account for situations where a property owner makes capital improvements to the benefit of residents and the County's tax base. In these instances, such investment is only feasible where the property owner can recoup its investment and achieve a rate of return commensurate with the risk of making such investment.

While proposed Section 29-58 of the Anti-Rent Gouging Act would create a limited and temporary surcharge for capital improvements, the mechanics and framework for the surcharge will not functionally allow for property owners to make such an investment because it lacks the certainty required to obtain financing. First, requiring a property owner to pursue a discretionary process to obtain approval for such a surcharge creates additional administrative costs and process that will frustrate and limit reinvestment in apartment communities that would otherwise enhance both the County's commercial tax base and residents' quality of life. In this respect, the County simply is not structured to efficiently and properly review capital improvement plans such that it can administer allowable surcharges as set out in the Bill currently. In addition, capital improvements should rightfully be determined by the owners of the property and not by a government. Second, the allowable timeframes for a property owner to recover the cost of capital improvements do not allow for the rate of return that is necessary to underwrite such improvements through financing. While the Anti-Rent Gouging Act permits recovery of capital costs over a 12-to-24-month period (depending on the nature of the improvements), these types of capital improvement projects can only be financed and implemented where a property owner has the opportunity to achieve a commensurate rate of return into the future. In some cases, depending on tenancy and economic conditions, recovery or return on investment over 12-24 months could be unachievable. Again, the market determines rental rates and therefore return on investment. In summary, a property owner bears all the risk (including lender commitments) in making such improvements to the benefit of their residents and the County's tax base, and the Anti Rent Gouging Act impairs a property owner's ability to achieve a rate of return that makes these capital improvements financeable.

We thank you for your time and consideration reviewing these written comments to the Proposed Council Bills and hope that the Council will work with apartment owners to establish policies that continue to promote reinvestment and maintenance of multi-family housing to the benefit of County residents.

Rose Valley Management DBA Hampshire Properties LLC,
a Delaware limited liability company

By: _____
Daniel Rosenthal
CEO

GREATER GREATER WASHINGTON

Montgomery County Council
Council Office Building
100 Maryland Avenue
Rockville, MD 20850

March 28, 2023

Dear Council President Glass and members of the Montgomery County Council:

My name is Dan Reed and I serve as the Regional Policy Director for Greater Greater Washington, a nonprofit that works to advance racial, economic, and environmental justice in land use, transportation, and housing throughout Greater Washington. We believe that rent stabilization is an important, near-term solution to prevent displacement, but not an affordable housing solution on its own.

While both proposed rent stabilization bills in front of the council have merits, I am testifying today in support of Bill 15-23, Anti-Gouging Protections with amendments. Given its six co-sponsors to Bill 16-23's two co-sponsors, the council's choice is not between the two bills as much as it is between *a* rent stabilization policy in Montgomery County, and *no* rent stabilization policy in Montgomery County. We anticipate that this bill will be amended with a lower rent cap, which we fully support. It's worth noting that DC's rent cap is currently 2% plus CPI or 10%, whichever is higher.

The Urban Institute identifies rent stabilization and/or control, among other tenant protections, as an effective anti-displacement measure. Thirty-five percent of Montgomery County households rent their homes, and 51% of renters are already cost-burdened (paying more than 30% of their monthly income on rent). Rents in the DC area grew nearly 16 percent between the first quarter of 2021 and the first quarter of 2022. Such large, dramatic rent increases can push residents out of their homes, out of their neighborhoods, and out of the county.

If rent stabilization gives tenants the choice to stay in their homes, increased housing production gives tenants the choice to find a new home if their needs or preferences change without having to leave the people and places that matter to them. In the long term, the county needs more income-restricted, subsidized homes, and market-rate homes: Per its own needs assessment, Montgomery County has to provide at least 3,200 new homes each year over the next 20 years to accommodate its growing population–nearly twice the 1,800 homes we approved in 2021. Another

80 M Street SE, Suite 100, Washington, DC 20003
info@ggwash.org

Urban Institute study notes that allowing more homes on any given piece of land can prevent rent increases while creating new housing options, particularly for middle-income residents. Like rent stabilization, housing production alone is not an affordable housing solution.

Therefore, I urge the County Council to, upon approval of an amended bill, use its powers to:

- Increase rental assistance for tenants who have difficulty covering housing costs, regardless of rent increases.
- Expand the Opportunity Housing Development Fund, which provides revolving loans for mixed-income social housing developments in the county, the proceeds from which are then used to produce more housing.
- Increase support for first-time homebuyers such as down payment and closing-cost grants, similar to DC's Open Doors program, which provides up to $202,000 in down payment assistance for qualified homebuyers.
- Remove parking requirements for new homes near Metro and Purple Line stations. Structured parking costs tens of thousands to build per space, increasing the cost of housing in areas that are already expensive and where people are less likely to drive. House Bill 819, which unanimously passed the Maryland House of Delegates this month, would eliminate parking requirements for new homes within a quarter-mile of Red and Purple Line stations.
- Upzone based on the Attainable Housing Strategies report, which is waiting for Planning Board approval. The report's draft recommendations are to allow up to three homes by-right on lots currently zoned for one house (R-40, R-60, R-90, and R-200); four homes on lots closer to transit; and a new optional method of development to encourage construction of duplexes, cottage courts, townhomes, and small apartment buildings near transit, along the Growth Corridors identified in Thrive 2050, and near activity centers.

This issue is personal for me. Like many people the County Council has heard from on this issue, I have been a tenant. In 2019, a 30% rent increase for my apartment in Rockville left me with no choice but to move. As an organization, GGWash wants to ensure that double digit rent increases are a thing of the past. However, neither Bill 15-23 or Bill 16-23 will relieve the burden of housing costs for all county residents. To do so, we look forward to working with the council to craft and implement the above policies. Thank you for your time and consideration.

Sincerely,



Dan Reed
Regional Policy Director
Greater Greater Washington

David_Friedman_Bill16-23_Support

David M. Friedman
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

My name is David Friedman and I am a resident of District 5, in the Colesville area of Silver Spring. I am testifying because I strongly support the HOME Act, Bill 16-23 as I believe it is consistent with my Jewish heritage and values - our sacred texts recognize that having safe, stable housing is key to a healthy society. Thus, I'm demanding the Council pass rent stabilization with a cap no higher than 3% while guaranteeing fair return for developers and landlords and exempting deeply affordable housing, places of worship, and new construction for 10 years, all elements of the HOME Act.

More than a third of Montgomery County residents are renters so all of us are impacted by the instability caused by skyrocketing rents, especially the 50% of renters who are cost-burdened, i.e. spending a third or more of their income on rent. While I personally am privileged to be a homeowner in Montgomery County, I feel even more strongly that we can only thrive when all of us are able to live within our means and not worry about unmanageable increases in rent. For example, studies have shown that 60% of teachers in Montgomery County schools can't afford to live here and put down roots in our communities. When students face housing insecurity, we see the effect in their growth and learning. Families already struggling to pay for housing should not have to face increases in rent that are tantamount to eviction such as the double-digit annual rent increases that would effectively be codified if Bill 15-23 became law instead of the HOME Act in Montgomery County.

Rent stabilization is a key part of the solution to affordable housing as it provides predictability about rent increases that allows both tenants and landlords to plan. The HOME Act's focus on limiting annual increases to the County's Voluntary Rent Guidelines or 3%, whichever is lower, is consistent with the average increase over the last 20 years and the long-standing Guidelines are based on inflation. Rent stabilization is already practiced in more than 180 jurisdictions

nationwide (including Mt. Rainier in PG County as of February 2023) and is an important tool to help curb Montgomery County's current crisis of evictions, displacement, and homelessness. In addition, the HOME Act would create a new source for the creation of affordable housing by establishing a vacancy tax to disincentivize landlords from keeping units empty while also funding more housing.

Thus, I urge passage of the HOME Act because it centers the experiences of our most vulnerable neighbors and gives them an opportunity to build a life where all can thrive, not one that essentially will allow predatory landlords to drastically raise rents without consideration for their tenants. When it becomes law in Montgomery County, the HOME Act would bring desperately needed stability and predictability for our most vulnerable neighbors while still guaranteeing a fair return for developers and landlords.



My name is David Mott. I live at [redacted] I am submitting this testimony on behalf of the Maryland Poor People's Campaign.

The Maryland Poor People's Campaign is dedicated to organizing working people across all lines of division in Maryland and Montgomery County, especially poor and low-income people, to confront the evils of systematic racism, exploitation and poverty, the war economy, ecological devastation. In so doing we work to raise the voices of those most impacted by injustice to demand an end to poverty in Maryland and Montgomery County.

We believe safe, decent and affordable housing is a human right.

That is why ***we enthusiastically support passage*** of "Home Act," County Council Bill 16-23 introduced by Council Members Will Jawando and Kristin Mink.

And, ***we strongly oppose*** the so-called "Anti-RentGouging," bill 15-23 introduced y Council Members Natalie Fani-Gonzales and Andrew Friedson.

The Home Act is a measured and responsible approach to holding down the cost of rental housing to affordable levels for working people in Montgomery County, where nearly half of all renter households are "cost burdened."

The constant grinding challenge faced by working people, especially those who rent, is that the cost of housing has outstripped workers' wage increases. The equation is simple as it is brutal and economically ruinous – Pay is to Low and Rents are too damn High.

The Home Act is a balanced approach to begin to solve that equation, at least the cost of housing side.

Allowing for 3 % rent increases per year, the Home Act provides for modest and manageable rent increases that provide both renters and landlords with predictability and stability. It allows landlords to address their costs, and -- along with exceptions for well documented need for capital improvements or major repairs -- flexibility.

Even capping rent increases to 3 % per year will cause hardship to many renters. Rents are now too high. At the County's minimum wage of $15 working people are not able to find and afford quality housing for individuals, much less families.

The dedication of taxpayer money towards rent subsidies for poor and low income renters can be used more responsibly and effectively under the rent stabilization plan proposed by Council Members Jawando and Mink, Bill 16-23. Under this legislation, taxpayer money spent on rent subsidies can be better targeted to the truly needy, reach more people across the county and do the most good.

That is not the case with the so-called "Anti-Rent Gouging," bill. By proposing a scheme of allowing 8 % rent plus the rate of inflation as calculated by the CPI-U, the Home Act would allow today rent increases of 14-15 %. This is not a renter protection bill. This is not an anti-rent gouging bill. This is a bill that *permits rent gouging under cover of law!* Renters in Montgomery County are not able to pay annual rent increases of 8 %, much less the added CPI-U rate of inflation piled on top of that. This bill does nothing to help struggling workers and renters in Montgomery County.

To be clear: 15-23 is a prescription for eviction. It is a rent gouging scheme that allows landlords to maximize their profit at the expense of already "cost burdened" renters. If passed, this bill and its regime will serve to drive up market rents to extreme levels.

To add insult to injury, the proponents of 15-23 propose spending $30 million on rent subsidies. This scheme is an irresponsible abuse of taxpayers' money. Under a regime that allows 14-15 % rent hikes each year, the number of renters unable to pay the exorbitant increases will skyrocket. As a result, they will either be evicted or seek help through rent subsidies. Taxpayer dollars will be used to make up the difference between what renters can pay and a rent gouging scheme written into law.

In short, Bill 15-23 seeks to codify in law rent increases no reasonable person would find necessary, reasonable or fair and that renters will be unable to pay -- and then have taxpayers insure that landlords get every penny of their legally-mandated windfall profits through publically funded "rent subsidies," which under this bill are in reality publically subsidized landlord profits.

Bill 16-23 is a responsible and serious approach to addressing the affordable housing crisis in Montgomery County. It seeks to strike a balance between the needs of renters and landlords. It provides both with predictability and stability. And, it allows for a responsible use of taxpayer's funds to address renters' needs in order to keep people in their homes to avoid individual, family and social disruption.

Bill 15-23 is no answer at all to the affordable housing crisis in Montgomery County. In fact, passage of this bill will put the crisis into overdrive. By allowing minimum 8% rent increases it is already putting rents out of reach of thousands of county residents. By tacking on the rate of inflation calculated by the CPI-U it permits crushing rent increases no reasonable person could think are justified and appropriate. To soften the assault of their bill, Councilmembers Friedson and Fani-Gonzales proposed spending $30 million in taxpayer money for rent subsidies that in reality go to fund the difference between what renters can pay and the rent gouging they have legalized, thus insuring windfall profits to the county's landlords.

The Maryland Poor People's Campaign Supports Bill 16-23 and opposes Bill 15-23.


MARYLAND
Poor People's Campaign
A NATIONAL CALL for MORAL REVIVAL

Deedee Jacobsohn
Rockville (North Bethesda)

TESTIMONY IN SUPPORT OF THE H.O.M.E ACT, BILL 16-23
AND IN OPPOSITION TO THE "ANTI-RENT-GOUGING" ACT, BILL 15-23

My name is Deedee Jacobsohn and I live in North Bethesda, in County District 4. I am writing to urge the Council to **support Bill 16-23, the HOME Act**, and not to pass Bill 15-23, the "Anti-Rent-Gouging" act.

We already live in a county with a serious housing problem. When my children were in public school, their favorite teachers could not afford to live in the county and faced long commutes. Last spring, my synagogue hired a new rabbi and she struggled to find a place to rent when she moved here with her family. Even friends who are not cost-burdened are having to make adjustments because of significant rent increases (that fall below the cap proposed by the Anti-Rent-Gouging bill).

Over the past two years, I have spent a lot of time listening to people impacted by our housing crisis at all levels: I have canvassed renters, followed stories from housing-related press conferences, and attended county hearings (some live, some on zoom). One high school student said her part-time salary was needed to help cover the rent. A mother had to move her family into a one-bedroom because they couldn't afford the rent on their two-bedroom, but at least her family was still able to stay in the same building. A grandmother with strong ties to church and community worries her fixed income will not cover another big rent increase.

I have heard that eviction cases are up; that there is not enough affordable housing; that people who get behind in rent end up leaving the county (with the help of DHHS). I have heard how precarious many of our families are, and how students without stable housing face cascading challenges and struggle in school.

Montgomery County must be better than this. Everyone deserves a safe, stable home.

Last month, I attended the council session to listen to the affordable housing panel convened by Council Vice President Andrew Friedson. There was lots of agreement about the need for affordable housing. Yet even some of the management companies' own data didn't seem to uphold their narrative about the evils of rent stabilization efforts.

Slides from the Southern Management Companies included an appendix with charts showing rent increases in 10 of their "Workforce Housing Communities." The charts do not have uniform measurements which makes comparisons challenging, but in 2018 only two communities had increases >3% and <6%. In 2019, most communities had an increase of more than 3%; in four

communities the increase was <4%, in three the increases were >4% and <6%, and one had an increase of 10%. None of the data indicated an increase of more than 3% from 2020-2022.

Clearly, **a 3% cap in rent increases is not going to be an onerous burden on landlords or management companies**. Especially with the exemptions and exceptions provided by the HOME Act. Just look at the Voluntary Rent Guidelines: the average of all the recommended increases since 1993 is just 3.02%.

And what of the "Anti-Rent-Gouging" Act? Sure, it would curb the most extreme rent increases. But in the past thirty years the highest Voluntary Rent Guideline was 5.8% (where it is now, and where it was once before, in 2007). In previous hearings and testimonies, landlords claimed they typically abide by the voluntary guidelines. By legislating a cap at 8% **plus** CPI, this bill gives landlords legal permission to institute oppressive increases just up to the cap–higher than any recommended in the *voluntary* guidelines. Bill 15-23, in essence, legalizes rent gouging.

There are many measures needed to preserve and produce more affordable housing in our county. However, most of the measures will take time to have a noticeable impact. A lot of time. Rent stabilization is an important tool that will keep tenants housed immediately, especially our most vulnerable residents, and will provide much-needed stability moving forward. **I urge you to pass the HOME Act.**

Dr. Jeffrey S. Rubin
Potomac

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Jeffrey Rubin. I've been a resident of Montgomery County since 1986, now living in Potomac (District 1). I'm testifying in support of the HOME Act, Bill 16-23 because I recognize the importance of rent stabilization for the well-being of people living in our County.

Over one third of our population are renters, and 50% of them spend at least one third of their income on rent. This puts a major burden on their ability to address other necessities of life, such as food, health care, and utilities, let alone purchases that would benefit the broader economy. Many people, especially those who come from communities with limited opportunity to accumulate and pass on intergenerational wealth, have little capacity to absorb the sizable increases in rent that have become commonplace in our County. This has been forcing people to move out of the County (with a decline in our tax base), resulting in longer commutes if they continue to work here (compounding environmental consequences of pollution and diminishing the quality of life for everyone on the roads). The consequences are even worse for residents who get priced out of housing altogether and face eviction: loss of housing has a negative impact on the education of youth, mental health, and the viability of neighborhoods.

The HOME Act would reduce the likelihood of these negative consequences by limiting rent increases in a meaningful way. Restricting annual increases to the Voluntary Rent Guidelines or 3% (whichever is less) would provide some stability to the lives of hundreds of thousands of Montgomery County residents. This is in sharp contrast to Bill 15-23, which in effect would permit annual double-digit % increases in rents on a routine basis. Such policy would make an existing crisis even worse, establishing a mechanism for ongoing inflationary pressure that would destabilize the lives of an ever-wider swath of County residents.

The HOME Act incorporates practices that would respect the needs of landlords and developers. Specifically, it allows landlords to apply for rent increases above the annual limit by filing a Fair Return Petition, if the property meets County housing code standards. It also allows landlords to apply for increases to support capital improvements. Furthermore, it exempts new construction for ten years, a length of time that is compatible with a satisfactory return on investment.

In summary, housing in Montgomery County has become increasingly expensive, with low to middle income residents being especially impacted. The HOME Act would provide a degree of stability to the lives of hundreds of thousands of its residents. In striking contrast, Bill 15-23 would worsen the pressures on an increasing number of renters, likely fueling an exodus from our County. Please do the right thing and pass the HOME Act.

Eli Wykell
Takoma Park

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23; AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

I am Eli Wykell, a 5 year resident of Montgomery County, Takoma Park, District 4. Out of deep concern for my fellow citizens as well as the social and economic well-being of Montgomery County, I'm testifying in support of the HOME Act, Bill 16-23.

Rent stabilization in name only is morally and economically wrong. With reasonable exceptions only, the rent stabilization cap should not exceed 3%.

Real rent control, with reasonable rent increases have been a success across the Country. Just across the border in D.C. development after development goes up. With reasonable exceptions, instead of an ill-fitting rule that benefits nearly zero renters, growth and affordability can be addressed with thoughtful legislation.

In contrast, an 8% rent cap is no rent cap at all. It would benefit a microscopic number of renters in a county where most people are rent burdened. Such a cynical giveaway to developers is beneath this Council. Real people, families, children, the workers who are the backbone to our thriving economy are suffering. Please be the thoughtful compassionate leaders we elected you to be. Please enact meaningful limits on rent increases. Please stabilize rent at 3%.

Hosain Alam
[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

Dear members of the County Council,

My name is Hosain Alam and I am a District 5 resident and a small landlord. I am demanding that the Council pass the HOME Act (Bill 16-23), which would cap rent increases at a reasonable 3%, and reject Bill 15-23, which would raise rent by 8% plus inflation.

I have lived in Silver Spring for more than 22 years, and my wife and I also own a single-family home in Prince George's County which we currently rent to several tenants. Most of our tenants have been living in the house for 8 years. Most of them work for Walgreens and KFC, and one of them is a retiree. They almost always pay rent on time, except if there is an unavoidable emergency, and in this case we waive the 5% late fee as an act of compassion.

We have not raised the rent for the past 5 years. And during the past 8 years, we have raised the rent only once, after we renovated the kitchen and the bathrooms. Over the years we have managed to have a fair and reasonable relationship with our tenants. We have convinced them to help us maintain the property by reporting potential repairs in a timely manner. We also allow them to make small repairs, and reimburse them for the expenses that this incurs. This relationship, built on mutual trust and cooperation, has evolved into a human relationship, to the extent that some tenants have designated us as their emergency contacts. There were times when we received calls from medical practitioners, updating us on a tenants' well-being, which is very important to us. We understand that tenants need a place to live, work and have a good night's sleep. And we know that when tenants have stability in their lives, we as landlords also secure a reliable source of income to pay the mortgage, which is exactly what our experience has been.

I am providing this testimony to share my experience about what the landlord-tenant relationship should be. We do not need the rent increases that Bill 15-23 would allow. The 3% cap in the HOME Act is more than reasonable, as it allows for reasonable exceptions for capital improvement, which means that landlords who have been acting as I have the past 8 years should have no problems under it. I believe the act will lead to a win-win situation for both tenants and landlords and I demand that the County Council pass the HOME Act immediately and reject Bill 15-23.

Sincerely,
Hosain Alam

Testimony in Support of 16-23 and in Opposition to 15-23

Ingrid Fichtenberg
North Bethesda, 20852

I am a district 4 resident testifying in support of Bill 16-23 and in opposition to Bill 15-23. The County desperately needs to put an enforceable cap on rent increases to provide more stability for its large and diverse renter population. Bill 16-23's hard cap at 3% is reasonable (though I personally think it should be lower) while Bill 15-23 allows for outrageously high increases. It is important to remember that these are 1) increases on a *monthly* expense; and 2) *compounded* with every lease renewal, leading to high growth over time. In my opinion, any increase over 3% is gouging, and by allowing increases well in excess of 8%, it is clear that **Bill 15-23 condones gouging**.

I have advanced degrees, am approaching 40, and am mid-career in a research profession. Yet, I do not have fully stable housing. I cannot afford to buy a home in this County, and currently rent (with a roommate) from a small landlord without a lease in order to avoid the rent increases that previously forced me to move frequently. While I have not had a single rent increase in this situation, the tradeoff has been a constant underlying fear that I could be asked to move out of my apartment at any time. Sadly, I have recently been considering leaving this County and buying a home in a more affordable area to have more stability. I really love living here, and especially enjoy the diversity, progressive atmosphere, natural beauty, and many important friendships I have made here. I would not have been able to live in this area for 12 years if my rent had continued to increase – at most I might have been able to absorb 3%, but up against my margin and in a much worse position to buy anything. It is disappointing that a liberal, resource-rich County would not offer enough housing stability for someone like me to be able to stay as long as she wants. This is why the HOME Act is so important: it's a crucial step toward creating more stability.

While I mentioned progressive politics as a selling point of this County, Bill 15-23 does not accord with the County's liberal reputation. It gives license to corporate landlords to extract unethically high profits from the most diverse and vulnerable segment of the County's population. This bill was presented by its supporters as the responsible option, but there is good indication that corporate landlords are already making abundant profits – even during the COVID-19 pandemic when more restrictions were in place – while the risk of mass displacement is clear and pressing. I do not see the loss of our most marginalized communities – and hence the erosion of this County's diversity – in favor of soaring corporate profits as the responsible solution at all. One must be very credulous to take seriously the threats of industry lobbyists when their claims are substantially the same as those made against any other regulation or consumer/worker protection ever proposed. Time and again these threats have proved to be mere bluster. Furthermore, it strikes me as elitist and undemocratic to dismiss the concerns and desires of many residents, particularly the most vulnerable, on the grounds that they do not have the capacity to understand what is best for themselves nor comprehend the bigger picture.

As a social science researcher, I decided to review the research on this topic. I am not convinced that such an inhumane bill as 15-23 is necessary to increase the housing supply. To the contrary, I believe the HOME Act, in conjunction with other policies, will allow the County to increase housing supply and address the affordable housing crisis **without displacing many people of color and of lesser mean**s who currently live here.

James Walter Driscoll
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

I led the successful effort to persuade the County to declare a climate emergency in 2017. To follow up on that Resolution, I helped launch the MOCO Green New Deal to build a broad base of support for climate justice. Based on consultation with BIPOC, labor and youth organizations in the County, we have made climate-friendly, social housing and rent stabilization our top priority. I am the Coordinator of the BIPOC MOCO Green New Deal Internship and Treasurer of the National Institute for Peer Support.

The BIPOC MOCO Green New Deal (GND) Internship strongly supports the passage of the Housing Opportunity, Mobility, and Equity Act, 16-23. We oppose the landlords' bill to undermine rent stabilization, 15-23
.
The internship is a project of the National Institute for Peer Support, a small nonprofit based in North Bethesda. The Institute educates and advocates locally and nationally on behalf of social, environmental and climate justice. This spring, there are 25 BIPOC MOCO high school youth in the Internship paid to learn about climate science, the movement ecology of climate and social justice organizations in the County and the skills of social change. They volunteer with over a dozen local social justice organizations and take part in nonviolent direct action. SInce the summer of 2020, the Internship has trained over 100 MOCO BIPOC high schoolers. The Internship is part of the MOCO Green New Deal founded by 350.org and Extinction Rebellion in 2019 in response to the County's failure to take meaningful action on climate change after declaring the first "climate emergency" in the United States in 2017. Here are some of the media reports about the Internship: https://bit.ly/MOCOBIPOCInternMedia.

The Interns and the dozens of MOCO nonprofit organizations who help train them are concerned about the interconnected crises of housing and climate justice in MOCO–and their disproportionate impact on their own BIPOC communities. From their lived experience, from presentations by local social justice organizations and from volunteering with those organizations,, they have learned a lot about that interconnection. Rents in MOCO, indeed, are too damn high–and the landlords keep raising the rent, often outrageously. They know that high rents force students to study in small apartments. They know that unpredictable and large rent increases create an atmosphere of uncertainty that affects students' work in school. They know some students are forced into homelessness. They know that unhoused people suffer the most from climate-driven heat waves and storms. They know that other students have been forced to move out of the County. They know the impact of the resulting long commutes on greenhouse gas emissions. They know some students have to go without air conditioning in heat waves due to high and increasing rents. They know the world does not care about BIPOC people who look like them. They know that their County is doing very little to protect people like them from the rampaging climate catastrophe. They know that if civilized life is to persist in the County, its residents must work together. They know that forced displacement and uncertainty about rent increases undermines the ability of families to cooperate and indeed the ability of the County to deliver effective services during this Emergency.

The HOME Act for Rent Stabilization provides some protection against homelessness, displacement, and uncertainty. Besides dealing with the housing crisis, this Act will facilitate the response of County residents and the County itself to the climate crisis. The least the Council can do is to pass the HOME Act. Now that these BIPOC young people know about the importance of strong rent stabilization, this is a chance for the Council to show them it cares about them and understands the connection between stable rents and dealing with the climate emergency.

We urge the County Council to support the HOME Act.

Sincerely,
Jim Driscoll, MBA, PhD
Coordinator, BIPOC MOCO Green New Deal Internship
Treasurer, National Institute for Peer Support

Testimony on the County Budget, Bill 15-23 - Landlord-Tenant Relations -Anti Rent Gouging Protections and Bill 16-23 - Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

Dear Members of the County Council,

As a Montgomery County homeowner and Vice Chair of the RESJAC I write today to urge you to limit any property tax increase to the same percentage increase you limit rent increases.

Inflation is hitting all of us. As a federal employee my last COLA was less than half the rate of inflation. At the same time I received my annual property tax assessment which increased my property assessment by $27,000. Meanwhile my home's value has fallen nearly $70,000 since last summer.

As a long-time former renter in the County I certainly appreciate the intent behind rent control legislation. I experienced myself the rising costs of renting when The Blairs raised my rent well over the county guidelines in 2010.

But treating homeowners in the county less favorably than renters is fundamentally unfair. Homeowners have invested in the County and are the larger part of the tax base. Any limitations on increasing rent need to be tied to limitations on property tax increases.

The county should be cutting budgets and tightening belts as inflation rises, not socking it to a middle class that is getting hit by higher prices on their water and electric bills, gasoline, eggs…

Any rent caps must be implemented with comparable property tax caps. Treat citizens equally. That is the essence of social justice.

Jared Hautamaki

[redacted]

[redacted]

Jason Starbird-Tierney
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

I'm writing to express my support for the HOME act. The opposing measure with increases of 8% + CPI proposed by some members of the council is way too high and shows a blatant disregard for the real issues renters face in this county. Housing costs are out of control and nearly half of renters in this county are rent burdened, with many more severely so and that's simply an unacceptable level of suffering. Renters deserve better. With so many renters barely able to afford an apartment as is, those rent hikes will come either by displacement or by driving people further into poverty, often sacrificing basic needs such as skipped meals and missed medical appointments. Allowing landlords 8%+ rent hikes while tenants are struggling will not stop these negative outcomes nor provide substantial relief for tenants and we need to do much better than that.

For me personally, as a renter in a rent stabilized Takoma Park apartment, rent stabilization means being able to survive day to day expenses in the face of serious illness and long term disability in my family. It has often not been easy to make ends meet as is and I don't know what we would've done or how we would've managed if I had seen a rent hike through many of the toughest periods, but having a consistent rent payment means that I have basic stability in my home. Takoma Park is a bastion of affordable housing in the county, and has an engaged community of long term renters who are able to stay in their homes despite the rapidly increasing property values of their neighbors. One neighbor's wealth shouldn't mean another's poverty but without meaningful rent stabilization that is far too often the case. I believe the residents in the rest of the county deserve that same stability and human decency.

Homeowners already have fixed mortgage rates and a yearly cap on property tax increases that in real terms results in lower cost increases for even upper class homeowners than the rent hikes in the HOME act, much less the anti gouging measure, would allow for low income tenants. That yearly costs have already been capped for homeowners with no protection for renters is a deeply unjust discrepancy and renters are rightfully seeking the stability that homeowners in this county already have.

I have looked through the available evidence on rent control policies in other places, studies such as David Sims study on Cambridge MA, the Stanford study about San Francisco and Gilderbloom and Ye's study of dozens of municipalities in NJ and many more. They all showed rent control as a success - renters, especially low income individuals, maintained stability and stayed in their homes, rent stayed low in controlled and uncontrolled units and notably these policies were shown to have no effect on the rate of new construction. The actual economic evidence simply doesn't match the rhetoric that is used to oppose rent stabilization measures.

When it comes to rent stabilization we don't have to choose between sound economics and doing the right thing for tenants, meaningful rent stabilization works for both.

Passing meaningful rent stabilization such as the HOME act is the right thing to do.

Thank you,
Jason Starbird-Tierney
Takoma Park

MONTGOMERY COUNTY, MARYLAND
WOMEN'S DEMOCRATIC CLUB
P.O. Box 34047, Bethesda, MD 20827 www.womensdemocraticclub.org

Montgomery County Council Public Hearing
Landlord-Tenant Relations, Bills 15-23 and 16-23
Testimony in Support of Affordable Rental Housing in Montgomery County
March 28, 2023
Submitted by: Montgomery County Women's Democratic Club

Re-imagining how to achieve a commonsense affordable housing policy should prioritize the human dignity of the residents of Montgomery County.

The Montgomery County Women's Democratic Club (WDC) applauds the County Council for addressing the issue of affordable rental housing in Montgomery County. The pandemic put an incredible strain on an already unfair and disorganized tenant-landlord relationship in the county. Therefore, we believe that a commonsense rent regulation program is one that will help tenants stay in their homes and allow landlords to conduct long-term planning. Many cities across the country are moving in the direction of rent cap ordinances, rent control, or rent stabilization regulations and policies to address the dual crisis of rent instability *and* a housing shortage.

The county also has a serious supply and demand problem. We need more rental units, specifically affordable rentals units. The policy under consideration should not incentivize more upper-end rental units. Therefore, we need both fair rental policies and appropriate housing development incentives. WDC believes that a comprehensive and justice-oriented housing policy should consider quantity, quality, and cost of available housing. The Metropolitan Washington Council of Governments estimates that Montgomery County needs to add 41,000 housing units in the next ten years to meet housing demand and at least 75 percent of this housing will need to be affordable to low- and middle-income households.

However, we need to first stop the bleeding while we work to enable supply to catch up with demand. Furthermore, it will take time for new affordable housing stock to promote housing stability**.** It will take time to achieve the well-recognized non-monetary benefits that come from individuals and families being in a neighborhood for a long time, where they can afford to live close enough to walk their kids to school or have a reasonable and reliable commute to work and form the bonds that support healthy community. "Economists tend to slight the importance tenants attach to security of tenure … A housing unit is a tenant's home. Coming to know her neighbors and the local shops, she will develop at least some sense of community." [1] This means we not only need new housing stock, but we must also maintain the affordability of current housing units.

What is the maximum rent increase that will both stimulate the maintenance and growth of affordable units, while also maximizing low- to middle- income families' ability to remain in their homes while they work to achieve economic stability? This is the core aspect of any rent stabilization policy that WDC wants to highlight in this testimony. Regardless of the rent caps being proposed, we urge each member of our council to consider how critical it is to be able to afford housing for your family, without indefinitely relying on assistance: it is a foundational building block for achieving a sense of self-worth and pride – it's about preserving the human dignity of each of us, and generating stable, thriving communities.

[1] Merrefield, Clark (2021, Dec. 8). Rent control and stabilization policies: 4 studies to know/ Research focuses on dollars and cents (para. iv). https://journalistsresource.org/economics/rent-control-regulation-studies-to-know/

Global LifeSci Development Corporation

11900 Tech Road, Silver Spring, MD 20904
O: 301-622-0100; M: 410-935-2599; E: jonathan@percontee.com

March 28, 2023

VIA Email Only

Council President Evan Glass
Council Vice President Andrew Friedson
Councilmembers of Montgomery County Council
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: **Bills 15-23 & 16-23 - March 28, 2023 Public Hearing - Items Nos. 19, 20, 26 & 27 (Anti-Rent Gouging Protections and HOME Act Proposals)**

Dear Council President Glass, Council Vice President Friedson, and Members of the County Council:

BOTTOM LINE EXECUTIVE SUMMARY FIRST

With respect to the two alternative bills relating to anti-rent gouging and rent stabilization (Bills 15-23 and 16-23), and on behalf of Global LifeSci Development Corporation ("GLDC"), the undersigned ***strongly urges the County Council to*:**

(1) ***promptly establish a 2-Year Blue-Ribbon Commission***[1] to: (a) study best practices, (b) study well-intended, but flawed or otherwise failing programs, (c) explore perhaps never-before-imagined innovative affordable living solutions (preferably to include opportunities for generational wealth-building by residents of low or moderate means), and (c) present a report to the County Council and the County Executive (within 30 months after the Commission's formation) outlining the Commission's recommendations to achieve the most strategic, effective, efficient, socially-responsible and sustainable public policies to advance affordable living opportunities in Montgomery County; **and**

(2) ***promptly enact a 3-Year Temporary (sunsetting) Legislation*** --- pending the issuance and consideration of the proposed 2-Year Blue-Ribbon Commission's report --- to prevent unreasonable rent gouging, while encouraging greater production of affordable living residences in Montgomery County (offering the at-risk, private sector suppliers of rental properties a reasonable rate of return on those at-risk investments.

[1] GLDC respectfully suggests that such a Blue Ribbon Commission should be fully represented by key stakeholders of fair and affordable living conditions, including (but not necessarily limited to): (a) seniors, families, and young renters of low and moderate means; (b) advocates for affordable living conditions to serve residents of low and moderate means; (c) developers, builders, and property managers of rental properties; (d) banks, lenders, and other capital sources to finance rental properties; (e) foundations, non-profits, and charitable organizations, whose mission is focused on increasing affordable living options; and (e) governmental and quasi-governmental agencies (perhaps best populated by retired governmental officials with special expertise) dedicated to providing affordable living options for residents of low and moderate means.

Obviously, there is no one empirically correct "recipe" (or set of ingredients) for such a proposed 3-year temporary (sunsetting) legislation. Nevertheless, for at least a dozen or more reasons --- which such a Blue-Ribbon Commission would certainly be able to describe in greater detail --- a fair and reasonable temporary (3-year sunsetting) legislation might provide, subject to exceptions (substantially similar to the exceptions provided in Bills 15-23 and 16-23):

… **the annual rent increase over the next 3 years shall not exceed (on a rolling average basis over the 3 years) the lower of:**

(a) *7.25%* plus the annual Consumer Price Index – Urban Centers ("*CPI-U*"),

Or

(b) *9.75%*.

By the time this 3-year temporary legislation would sunset, the proposed Blue-Ribbon Commission should be able to issue a report of recommendations for the County Council and County Executive to consider, then propose appropriate legislation, conduct necessary public outreach and hearings, and then enact longer-lasting and much more strategic, effective, efficient, socially-responsible, and sustainable affordable living solutions (preferably to include innovative opportunities for generational wealth-building by residents of low or moderate means).

JUSTIFICATION / FURTHER DISCUSSION OF SUGGESTIONS

First, GLDC respectfully suggests that our collective starting point should be where there is likely nearly unanimous agreement; namely, that Montgomery County has had, for decades, an affordable living option crisis due to its insufficient inventory of affordable residential options for a very meaningful percentage of the County's hard-working, responsible, and well-deserving residents of low and moderate means. Moreover, the unprecedented covid-19 pandemic exacerbated this crisis far beyond the unacceptable challenges the County experienced over the past decades.

We thus likely have near unanimity that we collectively need to find real, lasting solutions.

Second, after reading Councilmember Jawando's extraordinarily moving and inspiring book, *My Seven Black Fathers*, I have a deeper admiration, respect, and greater appreciation for Councilmember Jawando's passion to find real and lasting affordable living solutions. I am a product of my parents, who never --- never --- owned a home in all their lives. They were renters all their life, during which time I was born and raised in Montgomery County (and a very proud product of Montgomery County's public school system, K-12!). When my father passed away over 25 years ago, my parents had no home equity no any other assets whatsoever to provide for my surviving mother. I have had to (and continue to) fully support financially my mother for these past 25+ years. This experience is among the reasons I too am passionate about exploring and trying to discover innovative, lasting, and *potentially generational wealth-building* affordable opportunities for present renters of low or modest means.

Third, while the proposed HOME Act legislation is extremely well-intentioned, as I am certain my proposed Blue-Ribbon Commission would prove conclusively, the unintended (or at least underappreciated) adverse consequences of **the HOME Act is most likely going to HURT THE MOST THE VERY POPULATION that Act is intended to serve**.

The reason for the potential harm to the most vulnerable population can be summed up in one word: **MATH**[2].

There are a dozen or more reasons why the HOME Act is not the prudent way to achieve the near unanimously agreed upon goal of mitigating the County crisis of affordable living options; and, indeed, the HOME Act would likely be completely counter to those objectives.

As this time is merely the Council's introduction of the relevant Bills (15-23 and 16-23), and deeper analyses and discussion will be considered in June --- I will simply note a few of the most fundamentally flawed "math" problems contained in the proposed HOME Act:

1. A thorough study of the "math" will likely show that high-income rental properties (e.g., where rent might be $4,000/month or more) can better absorb a rent restriction --- and still maintain those properties for the tenants --- than can a moderate or lower income rental property (e.g., where rent might be $1,200/month or less). Please keep in mind that a $4,000/mo. rental cap of 3% = $120/month. BUT notice that the $1,200/mo. rental cap of 3% = $36/month. While that $36/month increase (compared to the $120/month increase in the high-income area) might be the desired popular result for those who want to keep rental rates down, notice the perpetuation (and exacerbation) of the wealth disparities – the higher-income property has THREE TIMES the amount of added revenue to better maintain the property (and for the owner to profit more) than the lower-income property. It does not take any imagination to see who will suffer the most --- the residents in the lower-income rental communities --- because (1) about the only costs a landlord can control are maintenance and repairs (certainly cannot control 30%+ increases in insurance premiums, spikes in utility payments, real estate taxes, etc.); and (2) lenders, capital investors, and landlords have little to no incentive to take the risks to invest in lower income areas of the County, when they can invest much more elsewhere, including well outside the County).

2. It was remarkably surprising that Professor Michael Bodaken (during his advocacy for the HOME Act at the March 13, 2023 public meeting) would argue that any mortgages on rental properties were irrelevant --- and thus the HOME Act would only consider NOI (net operating income) --- because, Professor Bodaken suggested, mortgages can be fixed for the long-term, such as 30 years. Among the numerous and fatal flaws in that assertion, Professor Bodaken completely fails to distinguish between the *microeconomic* circumstance of a single hypothetical mortgagee who just took out a 30-year mortgage this year versus the real life macroeconomic circumstances of *all* mortgagees of *all* rental properties throughout the County (which are the truly affected parties of County legislation). How many hundreds of mortgages (among all the mortgages of all the rental properties in the County) are going to experience a balloon payment this year --- perhaps having the 30-year amortizing, 10-year balloon loan originated 9 years ago --- and thus need to be refinanced this year? How many hundreds will balloon and need to be refinanced next year? The year after that, and so on, EVERY year? What happens when all those mortgages then have a one-year jump of 30% or 40% or more on account of a major increase in interest rates? Professor Bodaken's math is fundamentally flawed and would likely jeopardize a landlord's ability to secure financing for either capital improvements or needed refinancing. Perhaps refinancing could be done in the wealthiest part of the County; but not so much in the lower and moderate income areas of the County. The

[2] After reading Councilmember Jawando's book, I also learned that math is Councilmember's Jawando's favorite subject! I thus remain optimistic that, with the expert analysis and advice of a proposed Blue-Ribbon Commission, the "math" will be the honest guide to building the broadest of consensus for real and lasting affordable living solutions.

very foreseeable consequences would be more investment in the wealthiest areas of the County and more disinvestment in the lower income areas of the County. It would result in further differentiation between what is already considered "two" very different Montgomery Counties (and growing more to maybe even "three" different Montgomery Counties). Certainly one of those Montgomery Counties would suffer more with Professor Bodaken's theory; and that would be the very population these policies are intended to help.

3. Perhaps the worst idea of all is the enormously cumbersome, administratively wasteful, and completely uncertain (and thus unfinanceable) process for a landlord to make an appeal for relief from the rent restrictions for extraordinary expenses, such as (for example) replacing hot water/heating systems that break down. What? When an entire building's hot water and heat systems break down, does the County want a process where the landlord tells the tenants that they may need to wait a few months to go through an appeal process before the hot water and heat systems can be repaired? Or would the County prefer the landlord try to restore hot water and heat to the tenants as swiftly as possible? And how much economic waste (and time) will be spent on salaries and administration of such an appeal process, when those dollars (and time) could immediately address the conditions?

These are just three examples of a dozen or more reasons why some more time --- and some real expert "Blue-Ribbon Commission" analyses --- are necessary to think through all the foreseeable consequences (and the potentially unintended consequences) before these potential policies get implemented. Please know that during this time of further analysis by a suggested Blue-Ribbon Commission, the genuine issue and problem of absentee landlords and/or neglectful landlords, who let their rental properties fall into inexcusable disrepair, must also be addressed, disincentivized, and penalized as part of a comprehensive plan to improve living conditions and increase the inventory of affordable and healthy living conditions.

For at least these and many other reasons (which I would be happy to explain in greater detail), I respectfully urge the County Council to:

(1) **promptly establish and appoint a 2-Year Blue-Ribbon Commission** to study and recommend real, lasting affordable living solutions;

(2) **enact temporary (3-year sunsetting) legislation** that includes (subject to exceptions as described above) that the amount of annual rent increase over the next 3 years shall not exceed (on a rolling average basis over the next 3 years) the **lower of: (a) 7.25% plus the CPI-U, or (b) 9.75%**.

Respectfully Submitted,

Jonathan M. Genn

Jonathan M. Genn, Esquire
Executive Vice President and General Counsel

I submit this comment as a compromise to Bill 16-23 and Bill 15-23 on rent control in Montgomery County, especially considering recent laws in Prince George's County.

I am a renter in downtown Silver Spring.

I would encourage you to implement, as soon as possible, permanent rent stabilization in Montgomery County for properties at least 10 years old such that the annual rent increase for one-year leases does not exceed the greater of

(a) twice the average voluntary rent guideline over the past 10 years (for 2023, this would be 4.5%), or
(b) the voluntary rent guideline for the year (for 2023, this would be 5.8%).

This would limit the rent increase for leases signed in 2023 to 5.8%.

For tenants seeking a two-year lease, the rent increase for the second year should be capped at twice the 10-year average voluntary rent guideline (again, for 2023, this would be 4.5%).

In addition, tenants should be provided with at least 120 days of notice for rent increases above the 10-year average voluntary rent guideline.

These actions would collectively be much more manageable for tenants like me and would still enable landlords to raise rent keep pace with inflation. In fact, over 10 years, landlords would likely be able to increase rent around or over 50%.

I would also encourage you to permanently allow tenants to end leases with proper notice and cancellation penalty of no more than 50%, or no penalty at all if the rent increase exceeds the 10-year average voluntary rent guideline (in a year where the voluntary rent guideline exceeds the 10-year average).

This would give me and other tenants peace of mind if I am unable to afford rent. Thank you for your consideration.

28 March 2023

Oakwood Properties, Inc.
P.O. Box 5600
Rockville, Maryland 20855

May 26, 2023

Via Email
Mr. Evan Glass, Council President
And Members of the County Council
Council Office Building
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Re: March 28, 2023 County Council Public Hearing (Council Bill Nos. 15-23 and 16-23); Oakwood Properties Written Comments

Dear Council President Glass and Councilmembers,

On behalf of Oakwood Properties, Inc. ("Oakwood"), I am submitting these comments to Council Bill No. 15-23 (the "Anti Rent Gouging Protections Act") and Council Bill No. 16-23 (the "HOME Act"). Oakwood is the owner and developer of the Churchill Senior Living project, which is comprised of three (3) parcels of land totaling approximately 5.49 acres addressed as 20990, 21000, and 21010 Father Hurley Boulevard in Germantown (the "Property" or "Churchill Senior Living").

In general, Oakwood's position is that any form of rent control is not the solution to creating more affordable housing, and that both of the proposed bills are problematic. As evidenced by economic analyses of other jurisdictions that adopted rent control measures, these jurisdictions have experienced negative impacts in the form of decreased reinvestment in properties and a declining quality of housing stock. As a result, the HOME Act will discourage reinvestment in existing housing and production of new housing and should not move forward. Further, the Anti Rent Gouging Protections Act should be modified to exempt market-rate units, that are thirty years old or less, in development projects with a minimum of 30% of dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants.

The Property is currently improved with Phases I and II of the Churchill Senior Living project, which includes 255 independent dwelling units for seniors (62 years and up). Approximately 243 of these senior dwelling units were constructed under the County's Moderately Priced Dwelling Unit (MPDU) program or under a separate binding agreement that limits for at least 15 years the price or rent charged for the unit in order to make the unit affordable to households earning less than 60% of the area median income (sometimes referred to as low- to moderate-income tax credit units). As a result, **approximately 95% of the existing dwelling units at Churchill Senior Living constitute affordable units**. Oakwood obtained a Sketch Plan approval in November of 2022 that allows for Phase III of Churchill Senior Living, which would include up to 280 independent dwelling units for seniors (including additional regulated affordable housing units).

Bill No. 16-23 (HOME Act)

The HOME Act represents a fundamentally flawed policy because it does not account for underlying economic realities and capital markets that are necessary for property owners: (a) to reinvest in multi-family communities through capital improvements; and (b) to produce new housing through redevelopment. The creation of a 3% cap on annual rent increases for occupied units will severely limit the supply of housing stock in the County as property owners will be unable to achieve a rate of return that makes reinvestment and redevelopment economically viable. Notwithstanding the fact there are presently heightened construction costs and limited opportunities for construction financing on projects in the County, the HOME Act would render many projects infeasible where market conditions are strong. Limiting the rent growth on many multi-family dwelling units that have been occupied for more than 10 years will also compromise financing that did not assume such rent limits, which will in turn discourage reinvestment in existing communities. The HOME Act also fails to exempt dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants. All MPDUs (regardless of when they were constructed) and low- to moderate-income tax credit units need to be exempt from the rent controls proposed to avoid creating inconsistencies with the underlying regulatory agreements that apply to projects.

In summary, Oakwood submits that adoption of the HOME Act will significantly discourage property owners from improving existing apartment communities and producing new apartment communities that are necessary for the County to keep pace with the expected demand for housing. If adopted, the HOME Act will reduce property tax revenues and encourage investment in housing projects in neighboring jurisdictions over Montgomery County.

Bill No. 15-23 (Anti Rent Gouging Protections Act)

Oakwood is concerned with any rent control measures being adopted as such a policy will constrain its ability to obtain financing necessary to support the creation of regulated affordable senior housing as part of future phases at the Property. While the Anti Rent Gouging Protections Act establishes a more market-responsive annual rent increase allowance, this policy does not fully take into account projects that have committed to a higher proportion of regulated affordable units. An annual rent increase allowance of 8% plus the CPI-U index may be sufficient to finance and operate a project with 12.5-15% regulated affordable units, but it can disrupt and frustrate the financial viability of projects like Churchill Senior Living that include a substantial number of affordable units above and beyond the minimum required by Chapter 25A of the County Code. In these instances, a property owner is only able to underwrite increased, substantial affordable housing where they retain the control to establish market rents for a longer period of time than 15 years from occupancy. In order to ensure that the Anti Rent Gouging Protections Act does not preclude future phases of regulated affordable housing at Churchill Senior Living (and other projects that provide significant affordable housing), Oakwood respectfully requests that **Section 29-59 of the Anti Rent Protections Gouging Act be modified to exempt any market rate unit that has been offered for rent for less than 30 years where the project includes a minimum of 30% of the dwelling units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants**.

Thank you for the opportunity to submit these comments to the HOME Act and Anti Rent Gouging Act. Oakwood looks forward to the opportunity to continue to work with the Council and it staff to ensure that the prevailing County housing policies support and promote the creation of affordable senior housing.

Very truly yours,

Joseph F. Parreco
Oakwood Properties, Inc.
President

cc: Matthew Parreco, Churchill Senior Housing

Katherine Head
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

My name is Katherine Head and I am from Brookeville, MD (District 7). I am testifying because I support the HOME Act, Bill 16-23. I am 25 years old and I am on disability due to my chronic illnesses. Due to my fixed income, I made the choice to live with my family because of the skyrocketing cost of rent. Someday I would like to move out on my own, but my choices are limited. The average cost of rent in Montgomery County is hundreds of dollars more than my monthly income. I could never afford to move out of my family home in this county. If I wanted to stay in this county and live independently, I would need external support. I wouldn't be truly independent. And that is distressing. I should be able to afford to live in this county. I'm testifying because, as a Montgomery County resident of 19 years, I want to stay in this county that I love. I don't want to have to move away to live independently. There is no feasible way for me to live in Montgomery County on my own with these rent prices. The cost of rent is too high. This affects everyone, not just me. Far too many people have the problem of not being able to afford rent, whether they are on a fixed income or not. I'm asking the Council to support the HOME Act because it is important to our community. There are people that are being left behind with these rising rent prices. We should be supporting everyone in their right to a safe and stable home in Montgomery County. I demand that the Council pass rent stabilization with a cap no higher than 3% to protect all renters in this county that we call home.

Kereknaan Fiannaan
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

My name is Kereknaan Fiannaan, and I live and work from Wheaton, MD, a place I've come to love since I moved here last year.

I am testifying in support of Bill 16-23 - The HOME Act because everyone deserves to have a safe and stable home, without fear of displacement.

The HOME Act will ensure that rent increases will be capped at a reasonable amount of no more than 3%. The bill also guarantees fair return for developers and exempts deeply affordable housing, places of worship, and new construction for 10 years. If we believe that the people of Montgomery County really deserve safe and stable housing, then we must support this Bill, not Bill 15-23, which will essentially codify double-digit rent increases and lead to increases in displacement and homelessness.

I just moved to Montgomery County last year because of a significant rent increase that made it impossible for me to afford my former apartment. I was forced to seek more affordable housing and don't want to live in fear of experiencing the same again, especially as I'm building a community here. I know my story is true for many other individuals and families all over the U.S. many of whom are in an even more vulnerable position than I am.
We have an opportunity to change that here in Montgomery County.

Support the HOME Act, support Housing safety and stability!
Support the HOME Act, support our communities!

Kush Kharod
Germantown, MD

Hello,

My name is Kush Kharod and I oppose Bill 15-23 and support the HOME Act, Bill 16-23, because I want to see families thrive and find a safe and stable home in Montgomery County.

My parents moved here from the 80s from India to raise me and my sister in a better world. I grew up in Montgomery Village and went to Stedwick, Neelsville, and Watkins Mill High School. I went to college in College Park and made it a priority to come home as often as I can. This is the county I love yet I find it challenging that one day I will be able to find my own home here. Rents are rising at a ridiculous amount which make it difficult, if not impossible, for families to build a home here.

I support the HOME Act because it caps the rent at a manageable amount. Yes, a manageable amount. 3% is not radical. When I talk with my neighbors and fellow Montgomery County residents, they are asking for a rent cap much stronger than that not because they want to, but because they NEED it. Folks have to worry about groceries, schools, healthcare, childcare, books, utilities, mental health, and everything else in between. Under Bill 15-23, rents will double every 9 years. Will incomes double every 9 years for people? This bill codifies displacement and will most impact the Black and brown residents, like my family, that came to Montgomery County for another life.

I also ask the Councilmembers to think of the intersection of housing and various issues. If we do not have a 3% cap, renters will not be able to afford their rent. If they cannot afford their rent, they have to take that money from somewhere else. If they are a teacher, they will have to move out of the community they are building. If they are a student, they will have to sometimes skip classes for a second job or regain their sleep during the day. If they are a parent, they will have to work 3 jobs at a time, removing them from their children's lives. If they are most vulnerable and cannot find a job or avenue to pay for rent, they will resort to crime. All of these issues connect and often, they are rooted in the same injustice of housing insecurity. This rent cap is not just for the crises for the now, it is the future we want to create together.

When I close my eyes and think about the world I want to see in 50 years, I think of a world where people can go to school and learn without the stress of payment. I think of a world where no one has to work more than one job to have a steady income for their family. I think of a world where everyone's basic needs are met and they can focus their

valuable time on what matters most: the people they love. Rent stabilization is the building block for the world we want to see together. It is the foundation for what can be possible. The HOME Act will bring security and comfort for thousands of families and invite new development as well. Bill 15-23, with a whopping 8% + CPI, will lead to mass displacement and a Montgomery County I don't know if I can call home.

Thank you and as you make your decision, think of the world you want to see in 50 years.

Laura Yeomans
[redacted]
2023-03-19

Montgomery County Council
Council Office Building
100 Maryland Avenue
Rockville, MD 20850

RE: HOME Act, Bill 16-23, and Bill 15-23

Dear Council Members:

I am Laura Yeomans, a resident of District 5. For many years I worked as a program manager for Catholic Charities serving hundreds of families in Montgomery County suffering economic, health, employment challenges that caused families to suffer the threat of eviction. Many county residents barely have the income resources to cover monthly rents and other essentials. Allowing significant rent increases will increase the hardships faced by many working families.

It is important to me that our County's policies provide effective protections against the devastating effects of eviction, relocation and homelessness. Clearly, the Housing Opportunity, Mobility, & Equity (HOME) Act (Bill 16-23) is more effective at preserving a community that is racially and economically diverse.

I ask the Montgomery County Council to pass the HOME Act and reject the alternative (15-23) that would permit double-digit rent increases.

Thank you.

Sincerely,

Laura Yeomans
Laura Yeomans

Opposition Statement

Bill 16-23, Landlord-Tenant Relations - Rent Stabilization (The Home Act)

Bill 15-23, Landlord-Tenant Relations – Anti-Rent Gouging Protections

Thank you for giving me the opportunity to submit this written testimony in opposition to both proposed rent regulation bills, Bill 16-23 and Bill 15-23. My name is Laurie Boner. I not only work but live in Montgomery County and have worked in the multi-family management and development industry for almost 30 years. As a part of my portfolio, I have over 400 apartments located in Montgomery County. Our business model is to provide renters with quality affordable housing. We strive to do this with balance and care. A huge part of achieving that balance comes with developing a fair and equitable rent structure where the market rent attracts new residents and annual renewal increase rates, keep existing residents in place.

In the past few years, the multi-family industry has had to deal with numerous long-term, hard-hitting changes. The effects of COVID-19 have seen delinquencies reach epic proportions, with my property coming in at a two-year average of over 40%. This coupled with the measures during the pandemic to prevent or severely limit renewal increases has put our property's financial health in jeopardy. Add this to the council's latest proposed property tax increases and we are dealing with a perfect storm that will most likely end with the opposite result than what was intended. Within my network, many property owners including mine, managers, and developers are rethinking their desire to do business in our county.

I continue to try to understand why you, our elected representatives, wish to undermine an industry that has served the county and its residents well for decades in response to a few "bad actors". Our industry has proven that it is best able to provide high-quality living at reasonable prices when there is robust competition. Increasing supply is the critical piece for a long-term solution to our affordable housing crisis. We need to encourage businesses to invest their capital in Montgomery County. Owners, managers, and developers that want to put their money in the DMV have choices. We need to work together to make our county the most attractive of those choices. Rent control legislation of any kind does the exact opposite. Businesses, whether they develop or buy existing properties, do not want to enter a market where their potential is limited and controlled by non-market-related factors. I strongly encourage you to vote NO to both pieces of proposed legislation and instead, work together with members of our industry to create a plan that will benefit our citizens and our businesses to ensure the future success of our county.

Luqman Safai
Silver Spring, MD 20901

My name is Luqman and **I'm testifying because I want rent stabilization for me and my family through the HOME Act**.

I live at the Enclave and have negotiated rent increases for myself and my neighbors. I work with about 150 families who are refugees. They have just recently come to America and are living off of bare necessities. They get government benefits which are not flashy, but help us to survive. Rent stabilization is needed for us to live.

Many of these families got a big rent hike out of nowhere and they came to me to negotiate with the leasing office. We talk with the office for hours to help the family stay by finding an agreement. Usually, the rent increase starts at 7% to 8%, but the highest is upwards of 25%. This is too much for the families to handle. They have to take money from other needs, such as food, to pay for rent. How do we expect them to deal with these rent hikes?

Personally, I have a big family and it is challenging to hold everything together. I have four children who go to school and this has a huge impact on them not only because of the possibility of an eviction, but I also cannot give them enough food for their health. I was considering sending them to Afghanistan, but we cannot with the current situation there. Thankfully, I have a job but it is difficult to be stable. I am expecting a 7% - 25% increase this year and when that happens, I will not be able to live in this apartment anymore and don't know where we will go next. My apartment was originally $1700 but similar ones are being sold for $2000 and $3000.

I am trying to plan ahead of this rent increase by working 60 hours a week and looking for a night job where I can make the cash that is needed. But, who knows if that is enough.

Emotionally, it is very difficult to handle. I do not know what the solution is.

Bill 15-23 would be completely useless. 3% in the HOME Act is fine. Not ideal and will survive, but we should go farther if we really cared about renters.

At the end of the day, we are refugees. We have a lot of problems and I do not understand why this is something else that is put on our plate. We need the government to help us. We need the HOME Act to bring rent stabilization to Montgomery County.

Thank you.

Magnus Fortune-Sutton
Gaithersburg MD

My name is Magnus and I'm testifying because I oppose Bill 15-23 and want rent stabilization for me and my family through the HOME Act. Right now, I live with my sister and I am currently unemployed. I get jobs here and there but am unable to contribute to my rent. Since I do not have a green card, I cannot get all the jobs that are offered. But once I get it, I can contribute. But even with the current rent, it's not like I can make a dent. My sister got into an accident and has had two surgeries, so she also does not work full time. It is very difficult to keep the apartment due to both of our struggles. Things have gotten so much worse after COVID. Everyone is struggling.

I started living in this apartment in 2020 and the rent was 1500 dollars. Now it is 1900 dollars. The latest increase was 7.8%, which means I would not be covered by Bill 15-23. How am I supposed to build a life here if I am living day to day, not knowing if I will have a home the next day.

I am in the library every day because I cannot afford my cable bill and internet. No matter what library I go to, Bethesda, Gaithersburg, or anywhere else, I see people doing the same thing. People come in with a suitcase and toothbrush because they do not know where they will sleep at night. It is clear we are all struggling. How is this acceptable? We need rent stabilization to survive. I need rent stabilization to survive. Or else, we will have more homeless people or will have to go to other cities or states.

We are planning to relocate because we can't afford to stay here. If we get evicted, we do not know where we will go.

It is a lot to handle. It is the grace of God that I am alright today and am fortunate that we have the library that we can go to today.

This process feels like a cycle. Tenants come to a building to build a life in Montgomery County, landlord increases the price out of nowhere. We have to leave and go to another building. The rents go up there. We leave. And, it keeps going and going and going.

Under the HOME Act, I would be able to stay in one place and thrive. It would be life changing. Under Bill 15-23, I would be in the same horrible situation now.

I ask for the council to support and pass the HOME Act as soon as possible to give me and people like me the opportunity to succeed.

Dear Montgomery County Council,

My name is Maria Santos. I am a Montgomery County resident and a mother of three. I reside at the Rock Creek Woods Apartments, where my family and neighbors are dealt with deplorable living conditions, lease terminations, and unjust evictions.

My family has resided at Rock Creek for about 7 years. Our rent has always been paid. Every year our rents go up substantially while conditions and repairs grow worse and worse. These conditions include mold, cracks on walls and ceilings, mice infestation, poor management, rent increase of at least 4-6%, and much more. In the attempt to speak with management to have our issues fixed, we have been told to leave the property or face eviction. When we tried to ask why they were kicking us out, they aggressively said, “Because we can.”

I am imploring you to NOT support Bill 15-23: The Anti-Rent Gouging Bill introduced by Councilmember Natali Fani-González. My fellow neighbors and I were appalled to hear that the very same council member who came and saw firsthand the conditions that we lived in would be comfortable with letting a slumlord like ours have the capability of raising our rent to 8%+. Not only is it not justifiable considering the conditions and abuse that we suffer on a daily basis, but it is inequitable.

The living conditions and excessive rent increase have caused my family anguish and distress. It has been extremely difficult to find a new home at an affordable price. We are forced to search outside Montgomery County, affecting our children’s education and jobs.

As a resident of the County, I believe that it is critical that we put people first. I am you to STRONGLY VOTE NO on the Anti-Rent Gouging Bill 15:23.

Sincerely,

Maria Santos

[redacted]

Mary Fernandes, Ph.D.
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

To the members of the Montgomery County Council:

My name is Mary Fernandes, and I'm a resident of District 6. My partner and I rent a small, 2-bedroom home in Glenmont. We previously rented a single-family home in Wheaton, but because of terrible housing conditions (mice, frequent basement floods, mold) and unresponsiveness from our landlord/property manager, we were forced to relocate. My partner and I are both young professionals. I work as a postdoctoral psychologist at the Washington D.C. Veterans Affairs Medical Center. I make $52,000 a year, and my partner makes just over $45,000 a year, both before taxes. We currently pay $2,250 in rent each month. We weren't able to consider smaller apartments or homes, as I spend 2 days a week working from home, and the nature of my job forces me to have a private space where I can see patients virtually without accidentally violating their right to confidentiality. As you can tell from our income and monthly rent, that leaves us with, at most, a combined $5,000 per month to cover costs of food, utilities, healthcare, car expenses, insurance, school loan payments, and more. I care for dozens of Veterans with mental illnesses each week, and the stress of making ends meet while carrying the vicarious pain and trauma of my patients is sometimes paralyzing. I can't imagine how my partner and I will continue to afford basic needs, let alone save for the future, if our rent increases. Housing costs are our largest expense, and we live very frugally, so rent stabilization would go a long way in our lives, and by extension, in allowing me to focus more of my mental energy on the communities and Veterans who I serve.

The Montgomery County Council has an opportunity to improve the lives, futures, and mental health of countless residents by passing the HOME Act (bill 16-23). I am one of many who are pleading with you to do what we know, through fact and testimony, is the best thing for our entire community. As is the case with me, imagine the ripple effect that rent stabilization will have on all of the other communities that we each serve. If we put a cap on rent increases, imagine the teachers who can better focus on their students rather than having to look for new jobs or new homes. Imagine the single parents who can be spared the heart-wrenching conversation with their children about why they have to relocate *again* in order to afford their housing. Imagine the children who are impacted by housing insecurity but who might finally get to focus on the only thing that they should be – learning and growing. That's what the HOME Act is about – it is about protecting our most vulnerable from exploitation and ensuring that our communities can collectively thrive. And *you* have the power to do that.

Thank you for considering my testimony,
Mary

MONTGOMERY HOUSING ALLIANCE

www.montgomeryhousingalliance.org

A coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County

Testimony on Bill 15-23, Landlord-Tenant Relations – Anti Rent Gouging Protections and Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act)
Montgomery Housing Alliance

March 28, 2023

Good evening Council President Glass and members of the Council. My name is Mary Kolar, and I am testifying on behalf of Montgomery Housing Alliance (MHA), a county-wide coalition of affordable housing providers and advocates across the housing spectrum.

As you consider Bill 15-23 and Bill 16-23, we urge that any action you take to protect tenants, address cost burden, and prevent potential displacement include several first principles to ensure effectiveness and sustainability. These include:

- Preventing sudden and severe rent increases;
- Providing significant funds for targeted rental assistance;
- Avoiding potential loopholes and unintended effects;
- Ensuring necessary administration, oversight, and enforcement; and adequate resources for administration;
- Recognizing the impact on small landlords; and
- Clarifying language surrounding exemptions of affordable housing.

As we stated in testimony last year, MHA supports efforts to prevent sudden extreme rent increases that amount to rent gouging. These kinds of increases are destabilizing for many renter households who cannot absorb double-digit rent increases and should not have to face potential displacement or other dire choices simply for the excess profit of bad actors. In many cases, however, rather than being exploitative, modest increases are an important tool for landlords to meet increasing costs and adequately maintain a property.

That being said, there are some households who cannot sustain even the modest increases that are a necessary aspect of operating a rental property. Currently, 20,000 households in Montgomery County are severely cost burdened, spending over half their incomes on housing costs. These families already must make impossible choices between paying for housing and paying for other critical priorities like education, health care, and reliable transportation, and even necessary rent increases are untenable for them. It is therefore imperative that any measure to prevent severe rent increases includes targeted rental subsidies to support low-

income households, and that the scope of funding is adequate to meet the need, and is not a one-time investment, but a sustained program.

It is fundamental that before passing any legislation on rents, the Council carefully considers, and works to minimize, potential loopholes and unintended consequences, for example a cooling effect on long-term investment in the county or incentives for vacancy decontrol. As you know, the county must add over 40,000 new homes, including a significant amount of affordable rental housing, over the next decade. Tenant protection against exploitative increases must be enacted in a way that does not drive development that would otherwise occur in Montgomery County to neighboring jurisdictions. It is also critical to ensure that landlords are not motivated to keep units vacant in order to claim hardship and receive waivers, or to vacate occupied units through non-renewal of leases, deferred maintenance, or even harassment in order to benefit from vacancy decontrol.

Any action the Council takes must also consider the appropriate model for program oversight and enforcement, and include significant resources for administration, including program infrastructure, staffing, and tenant and landlord education.

Additionally, we urge you to clarify language around included exemptions, particularly an exemption for properties participating in affordable housing assistance programs which have pre-existing rent regulations, such as the Low Income Housing Tax Credit program. Language focused only on non-profits may unintentionally exclude otherwise eligible properties that, for financing or other reasons, have alternative ownership structures.

Lastly, we urge you to partner any action to restrict untenable rent increases with robust investment in the Housing Initiative Fund. Tenant protections and funding for affordable housing development are both necessary tools to address the harmful effects of cost burden and the potential displacement of members of our community. As we increase the rate of available affordable homes, we will reduce the number of families who are vulnerable to the destabilization caused by unsustainable rent increases.

Thank you for the opportunity to provide input as you consider this matter. We look forward to providing more feedback and working with the Council as you determine the best course of action.

Michelle Ripari
[redacted]
District 4

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

I am a renter in Montgomery County and currently live in District 4. I'm testifying in support of the HOME Act (Bill 16-23) and against the 'Anti-Rent Gouging' Bill (Bill 15-23). I am urging the council to pass the HOME Act and cap rent increases at no more than 3% per year, rather than codifying 10+% yearly increases under Bill 15-23.

As a renter who has lived in both Wheaton and Silver Spring over the past few years, I support the HOME Act for a number of reasons. We are currently in a cost-of-living crisis, and rent stabilization is necessary to prevent further displacement. Already, evictions are sky-rocketing since the temporary COVID stabilization ended, and our most vulnerable communities are being ripped apart by unfair and untenable rent increases. Rent control is proven to prevent evictions and displacement, while good housing policy is also needed to solve the underlying issues and create affordable housing for all in the long-term. The HOME Act is a step in this direction, it disincentivizes vacancies through a vacancy tax and funds more affordable housing.

The HOME Act will also bring stability and predictability back to tenants in Montgomery County. I was incredibly lucky to be able to resign my lease during the temporary COVID stabilization, knowing that I would be able to continue living in my current apartment. This has allowed me to financially plan for my future and put down roots in my community. Without those protections in place, I and many others would not have been able to do that.

I am also urging the council to not pass the 'anti-rent gouging' Bill 15-23, which would codify rent increases of 8%+CPI per year. Passed now, this bill would permit rent increases of over 12%! This is completely unaffordable! Furthermore, there is no guarantee that renters facing these increases will be able to access necessary rental assistance. This bill would accelerate displacement and evictions in our most marginalized communities.

I urge the council to support the HOME Act and protect renters in the city. We deserve to have stable and affordable housing. This bill is a step in the right direction towards achieving that goal. Thank you for your time and consideration.

Dear Members of the County Council

Hello, and thank you for taking the time to read my testimony on the important, and far from straightforward issue of rent stabilization in Montgomery County.

I urge you to find a compromise between the two bills on offer, and to keep in mind that any exact proposals laid out, whether by me, you, or someone else, is ultimately something of a guess. This is not an exact science, and there are too many factors for anyone to be *sure* they have a perfect answer, myself very much included, but we still need to try our best to get this right.

I am testifying favorable, with amendments, to both bill 15-23 (anti rent gouging protections) and bill 16-23 (the HOME Act), for the simple reason that I think that the best answer lies somewhere in the middle.

The long and short of it is that I feel a bill with a cap of CPI +4% with a 15 year exemption for new construction is the best path forward. I believe that we can and should provide more substantial protections than the CPI +8% outlined in the anti gouging bill, but think that the HOME act, with no indexing to inflation above a 3% cap, is not flexible enough to mitigate the real impacts rent stabilization policy has on housing supply. The outlined process for exceptions to this cap is potentially helpful, but still casts a good deal of uncertainty for development that requires banks to have enough confidence in a project to give the loans to make the building happen.

While I come down between the two bills that have been proposed by various councilmembers, and do not support the HOME Act as it is written, the figures and arguments presented by the bill sponsors and supporters are centered on what at risk tenants feel would be most helpful in keeping them stably housed. That’s important to keep in mind as we work on a path forward.

I truly think the policy that Montgomery County adopts has to be more moderate in order to properly balance protections for current renters against making sure we have enough housing to affordably meet the needs of renters, current and new, that will need new accommodations in the future. However, no matter how hard I try, I cannot fully appreciate the urgency that more vulnerable residents feel. Please also listen to what they have to say to help make sure the final bill addresses their concerns as much as is feasible.

Similarly, the authors and proponents of the anti gouging law are working in good faith to provide protections while also guarding against the risks presented by strict rent limitations, and those risks are real and cannot be dismissed either.

Future adjustment may be technically possible, but it won’t be easy, so it's important to get this right the first time around.

It's also important to remember that if a rent cap is too strict, landlords will find a way around it, taking on new amenity, parking, or other fees. By all means, think about limiting those too, but the best way to avoid such gaming that could result in still leaving renters with harsh increases is to set a number that protects against large increases while still providing flexibility for landlords and developers to make a predictable return on development and maintenance of housing.

On the other hand If the cap is too loose, it risks allowing the displacement of renters that otherwise could have been protected while still leaving meaningful room and flexibility for the rental, development, and maintenance of new housing. A cap on the high end is still better than the status quo, but we should aim to do as much good as possible here, and while I salute the efforts of the authors of both bills, I think bill 15-23 can lower it's cap just as bill 16-23 can be more flexible the other way.

Still, the headline maximum rent increase and new building grace period aren't the only opportunities for compromise. I urge you to be creative. Maybe a rate on the low side with a long exemption for new buildings is the path forward. Maybe a CPI+6% number can work with a hard cap at… say 10% no matter how high inflation is. Maybe the opposite can help, a floor, a minimum level to which rents can be raised even when the would be cap is low. Talk to the stakeholders, find a path forward that balances the need for flexibility with the need for stability.

I know that there is some concern that a bill that caps rents at a level above the voluntary rent guidelines will cause landlords to, en masse, raise rents by that permitted cap, and not the voluntary rent guidelines. I can't sit here and say the risk of that happening is zero, and I'm sure it will happen in some cases, but over the long term, absent price coordination between different landlords that simply does not exist, competition should prevent this from happening on a large level. It's also worth noting that unlimited increases are currently allowed, and yet increases vary considerably because of competition, and often still follow the voluntary guidelines. Keeping the voluntary guidelines and communicating them in the same document to both landlord and renter when a lease is up could go a long way to mitigate any remaining risk here.

As a final note, it is a testament to this council and to many advocates in the county that we are having this conversation at all. Like many, years ago I was fundamentally skeptical of rent stabilization, but as I have testified to this council about previously, and written about publicly, I have come to appreciate that in a world where there are many impacts on supply, zoning, building material costs, setbacks, lending practices, parking minimums, and until recently, school capacity imposed bans on new housing, there will always be constraints on supply with or without rent stabilization, and that there is a sweet spot we can hit.

We can’t go too far and use this as an excuse to completely dismiss the barriers that stabilization can present to new home construction. It is also true that rent stabilization favors renters by incumbency more directly than it does by “need”, so it is no panacea, but nothing is. Those supply impacts are real, and any policy we put forward must balance them against the need to protect incumbent renters, but there will *always* be constraints on supply. If we lived in a world where we would have all the housing we need but for the supply impact of rent stabilization, I would oppose it in all its forms, but that is not the world that we live in.

It just isn’t.

Getting the policy details right and making sure that all the economic factors are well balanced is critical, but we also cannot ignore the moral imperative here. We can’t make things so strict that people are locked in place forever even if they want to move, but at the same time, a home is the most important place in someone’s life, and it can uproot your entire life if you are pushed out of it due to a dramatic rent increase. Data, economics, logic, and cold hard supply impacts all have their place in this debate, but so does our obligation to help those hoping for a stable place to rest their head at night, and some form of rent stabilization will help that happen.

I urge you to find the balance, and work out a compromise. We need to get this right.

Thank you
Mike English



Testimony in Support of the HOME Act, Bill 16-23
And in Opposition to the "Anti-Rent Gouging" Bill 15-23

Mike Heywood
[redacted]

March 24, 2023

To the members of the Montgomery County Council,

My name is Mike Heywood, and I'm a resident of Silver Spring, specifically in District 4, represented by Kate Stewart. I'm testifying **in favor** of the HOME Act, Bill 16-23, which would guarantee real rent stability by limiting increases to 3%; and **against** Bill 15-23, which would subsidize rent gouging by allowing for increases up to 8% plus CPI.

I have lived in Montgomery County all my life. I was lucky in that my parents were homeowners with stable jobs, so we didn't have to somewhere else every few years as I was growing up. I never had to worry about changing schools, leaving friends behind and starting over with new ones. I never had to make the changes to my daily routine that a move would require. I never had to worry that there wouldn't *be* a new place to move to when we moved out of the one we had.

I was lucky that I had stability in my living situation growing up. That kind of stability should not be a matter of luck.

But as long as housing is treated as a commodity, to be bought and sold and passed around at the whim of the market, that stability is a luxury afforded only to the affluent. As long as landlords are free to hike the rents whenever they see fit, to drive their residents out in favor of a "better class" of tenants, that stability is out of reach for the vast majority of people.

This is why, **at a minimum,** we need to pass real rent stabilization, to limit the amount the rent can go up each year.

During the worst days of the COVID-19 pandemic, this council understood that stable housing was matter of basic survival, and that in that time of emergency, eviction meant death. So it enacted emergency rent stabilization and an eviction moratorium, to prevent mass displacement in the middle of a pandemic. As Council Member Will Jawando has said a couple of times, "the sky did not fall." Landlords still made profits off of their control of the means of subsistence. But for the capitalist landlords, this was not enough. A steady rate of profit was not enough. No, they had to keep the line going up into infinity.

Since the end of the emergency stabilization, that is exactly what they've been doing. Having been denied their right to gouge for a while, they've been making up for lost time. Organizing with Montgomery County DSA and the MORE Coalition in support of the HOME Act, I've seen this process firsthand:

- At the Cinnamon Run Apartments in Glenmont, I saw eviction notices at practically every other door.
- At the District Court, where landlord-tenant cases were being heard, there were nearly 300 cases brought forward in a single day! This, I am told, was a slow day.

We started organizing for rent stabilization to put an end to this gouging, and **the HOME Act, Bill 16-23**, is the legislative expression of that effort. It would limit annual rent increases to a **maximum** of 3% annually ($60, assuming a rent of $2000). This would allow people to budget out their rent well in advance, without worrying about sudden increases. It would allow people to plan ahead.

Compare this to the other bill brought forward, **Bill 15-23**, which would allow increases of **at least** 8%, and that amount only if inflation literally stands still. In any likely real scenario, the increase would be far higher than that. This bill, under the name of rent stabilization, in practice **does nothing but legalize rent gouging.**

I urge you to **pass the HOME Act, Bill 16-23,** and **reject Bill 15-23**, to enact real rent stabilization in Montgomery County.

Best regards,
Mike Heywood

Mimi Pham
Takoma Park, MD

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

Dear Coucil Members,

My name is Mimi Pham, and I live in District 4 of Montgomery County. I am testifying because I support the **HOME Act, Bill 16-23**. I believe everyone deserves a safe and stable home, and that means living without the fear of eviction due to high rent increases.

I am asking the Council to support the **HOME Act, Bill 16-23** and pass rent stabilization with a cap no higher than 3%.

As a renter for all of my adult life, I have had to continuously move out of my community due to annual rent increases. I recently moved to Takoma Park three months ago from a high rent district, and am lucky enough to currently live in a rent-stablized area closer to my job. That said, I believe everyone deserves the right to live and settle in communities that they've built, and rent stablization will give them the security to do so. I know of friends and family members who have been affected physically and emotionally from moving due to rent non-stablization policies. Rent stablization helps marginalized racial groups who are constantly impacted by unfair housing policies, such as Bill 15-23.

Passing the **HOME Act, Bill 16-23** is not about taking sides, but about empowering voices that are largely marginalized. I am demanding that the Council to vote yes on the **HOME Act, Bill 16-23** and pass rent stablization with a cap no higher than 3%.

Sincerely,
Mimi Pham

Myla Leung
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

Dear Montgomery County Council Members,

My name is Myla, and I am a high school student from District 1 of Montgomery County. I am testifying because I support the HOME Act, Bill 16-23. In order to ensure everyone has access to safe and stable housing, we must pass rent stabilization with a cap no higher than 3%.

I am incredibly fortunate to live in a home and area of privilege; however, I have seen my friends and teachers from surrounding communities face the impact of skyrocketing rents. If 60% of public school teachers in Montgomery County can not afford to live in Montgomery County, how can we expect them to commute to a community they can not call their own? Moreover, several of my friends and students across the country experience housing insecurity. Their families struggle to pay for food, clothes, and healthcare costs, and students are preoccupied with extracurricular activities and schoolwork. Housing is a human right and should not be a burden for families, students, and teachers.

Furthermore, rent stabilization provides predictability about rental increases. It is an essential tool for decreasing the County's current crisis of evictions, displacement, and homelessness and for establishing a new source of income for Montgomery County.

Council members, I urge you to consider my testimony and support the Home Act Bill. Regardless of race, income, or ethnicity, *everyone* deserves to live without the fear of losing our homes. With the Home Act Bill, we can empower voices that have been largely marginalized.

Sincerely,
Myla Leung

Naeem Alam
[redacted]

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO BILL 15-23**

Dear members of the County Council,

My name is Naeem Alam, and I am a resident of District 5 in Silver Spring. I'm testifying to ask that the Council support the HOME Act, Bill 16-23, which would protect my community by limiting rent increases to 3%; and to ask that the Council oppose Bill 15-23, which would tear my community apart by permitting absurd 8% rent increases.

I was born and raised in Silver Spring. I was fortunate that my parents both had college degrees, so they could afford the mortgage on our home. But my aunts, uncles, and grandparents were not so lucky. Their wages were not enough to pay the sky-high rents in Montgomery County, so they had no choice but to live with us. There were always between 8 and 11 of us in our four-bedroom home at any given time, and this resulted in constant conflict over bills, utilities, food and more. I remember the endless yelling matches and chaos as my family tried to figure out who would pay for what. The fights were so frequent that the rare days when no one was fighting felt like holidays. The emotional scars from this type of environment stay with you forever.

However, as I grew older, I realized just how lucky I was. Many of my friends came from households where no one in the family could afford a home, so everyone had to rent. And as their landlords raised the rent mercilessly, they lived in silent fear of eviction. I learned that Councilmember Mink and Councilmember Jawando were bravely fighting these increases, but that 7 of their colleagues, who were influenced by dark money from for-profit developers, were getting in the way. This compelled me to break my silence.

If we had 3% rent stabilization, like in the HOME Act, then my friends would never have lived in fear. My family would never have doubled up. All of us would have been spared physical, mental and financial trauma. But 7 of our Councilmembers are choosing not to let us have that, because of dark money from "Progressives for Progress" developers.

We need all Councilmembers to stand with us by passing the HOME Act and rejecting Bill 15-23. We cannot afford the 8% rent increases of Bill 15-23. We cannot afford to have 7 Councilmembers be influenced by dark money from "Progressives for Progress" developers. I urge each of you to stand with us, or else we will have no choice but to vote you out. Please do the right thing: support the HOME Act and reject Bill 15-23, so that we can all have the peace and stability that we deserve. Thank you.

-Naeem Alam

Nicole Zimmerman
[redacted]

Testimony in Support of the HOME Act (Bill 16-23)

I live in Silver Spring (District 4) and am a renter and I urge you to pass the HOME Act (Bill 16-23) to provide real rent stabilization to renters and communities in Montgomery County. I oppose the “Anti-gouging bill” (15-23).

I am an organizer with the Montgomery County Democratic Socialists of America and I’ve helped organize six renter canvasses, along with partners in the Montgomery County Racial Equity Network. Those experiences talking with tenants, as well as my own experiences as a renter inform my support for the HOME Act.

When I started to think about why I support rent stabilization and the HOME Act, I came up with a few reasons:

1) **I’ve benefitted from stable rents and that has allowed me to put down roots here in Silver Spring.**

I grew up in Howard County, went to college in southern Maryland and almost immediately moved to Silver Spring after graduating from college. For two years, I rented a group house in downtown Silver Spring. Our landlord, who owned maybe one or two other properties, would either increase our rent by the voluntary rent guideline or would not bother to increase rent at all. I am not sure how exactly she determined the original rent when she bought the house in the mid-2000s. But the result was that the rent was below market rate by the time I moved in in 2014. People who lived in the house would often stay as they could before they moved out to live with the partner that they ended up marrying because it was a good deal and they had no other reason to leave. As a result, people who lived in this house developed close bonds from living together for years and still continue to see each other to this day. This community was part of the reason I wanted to stay in Silver Spring, even as I was still figuring out my career and I could’ve just as easily moved to Baltimore, where many of my friends from college live. I have a lot of friends who have lived in group situations over the years, but I do not know of many others who have a community like this and I think the stable rent contributed to this. I eventually convinced my sister, and in turn, my brother-in-law to move to Silver Spring and I now live with them and pay rent so that they (both public school educators) can afford their mortgage.

2) **Rents shouldn’t vary significantly by month or the time of the year.**

Now, my partner and I are considering renting together in Silver Spring. I receive updates from Zillow and real estate companies and I’ve noticed that rental prices for certain apartment buildings in the area can vary by hundreds of dollars a month, depending on the day, month or time of year, forcing prospective tenants to game the system to get the best deal and advantaging tenants with the most time to search for apartments or flexibility in moving. I

suspect that these seemingly random changes in rent are set by an algorithm designed to maximize the rents that tenants will pay (see ProPublica article from October 2022)[1].

The end result is that tenants could end up paying significantly less or more than their neighbors for similar units. The HOME Act would provide price fairness for rentals by limiting how much landlords can vary rents over the year.

3) **The justification for the anti-gouging bill is based on false premises.**

One of the reasons the sponsors have given for putting forward the anti-gouging bill is that this bill will be paired with increased rental assistance so that rental assistance will cover the cost of rent increases of 10 or 15%. Yet, as the 2023 session of the Maryland General Assembly winds down, it seems increasingly likely that the state will not fund emergency rental assistance. In this scenario, it seems more fiscally prudent for the county to instead use its authorities to limit rent increases substantially, preempting the need for state funds to cover significant rent increases.

Thank you for reviewing my testimony. I've lived in Montgomery County for close to ten years now as a renter and I plan to stay here for the foreseeable future. I see passing the HOME Act as one, but an important part, of making Montgomery County a more affordable and equitable place to live and I hope you'll act quickly to pass this bill.

[1] https://www.propublica.org/article/yieldstar-rent-increase-realpage-rent

Olivia Delaplaine
[redacted]
Council District 4

**TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23**

My name is Olivia Delaplaine, I live in Long Branch, and I am submitting testimony in support of the HOME Act, Bill 16-23 and against Bill 15-23. I live in District 4 and am a constituent of Councilmember Kate Stewart. I'm asking the Council to support the HOME Act because as a renter who grew up in Montgomery County, I know that unchecked rent increases over 8% will prevent me and so many of my friends, family, and neighbors from staying in the county and building our futures here.

I live in Long Branch now, a beautiful neighborhood with a Takoma Park mailing address that unfortunately falls outside of the official Takoma Park city limits. That means we fall outside of the rent stabilization protections that the city of Takoma Park offers. In the three years I've lived here and more than 7 years I've worked here, I've heard countless stories of people who have been forced to look for housing in Prince George's, Frederick, or in an entirely different state because an investor bought their building, refused to fix any of the maintenance issues in their building, and raised their rent up by 10 or more percent to the point where they could no longer afford to stay. I have felt really sad seeing so many people move away, especially neighbors with young children, seniors, or other young people my own age. My own rent only went up exactly 3% when I renewed my lease last year, which has enabled me to stay in the neighborhood. My fiance and I share the unit-- he is a public school teacher and I work at a nonprofit--but already ⅓ of our income is going toward our rent, and our wages don't increase in a way that would enable us to afford an increase of more than 2-3%. We dream of eventually buying a home and starting a family in the county, staying close to our family, friends, and jobs that are here, but unless we pass rent stabilization with a 3% cap, we wouldn't be able to.

This issue is also important to me because my elderly father has been in the process of downsizing from a home in Bethesda that he is unable to maintain due to his increasingly limited physical mobility. He found an apartment that is only just barely within his budget, partially due to the fact that though he is 78 years old, he is still working and earning a salary. If his rent goes up more than 2 or 3% in the next few years, he won't be able to afford it, much less retire. I hope the council passes the HOME Act so that seniors who are living on a fixed income or who are hoping to retire soon can either downsize to new rental units in their same neighborhood or stay in their existing rental units. I don't want to have to worry about whether my dad can stay housed and stay close by, and I don't want anyone else to have to worry about that for their own parents, either.

I urge the council to support the HOME Act and cap rent increases at 3% to allow lifelong county residents like me and my father to stay in the county, to allow families the stability they need to stay close together, and to give those of us hoping to start new families the opportunity to put down roots here and grow. Thank you and please pass the HOME Act (16-23) and reject 15-23.

Omodamola E Williams
Gaithersburg, MD, 20878
Montgomery County Racial Equity (MORE) Network

TESTIMONY IN SUPPORT OF THE HOME ACT BILL 16-23 AND AGAINST THE "ANTI-RENT GOUGING" BILL 15-23

Dear Montgomery County Council Members,

My name is Omodamola Williams, a resident of Gaithersburg, District 3, and devoted single father of two little girls in MCPS. I am the community coordinator of the Montgomery County Racial Equity Network, whose housing coalition has helped lead tenant protection work for the last few years in our County. The MORE Network urges you to pass meaningful rent stabilization: support the HOME Act, Bill 16-23, and please strongly oppose bill 15-23.

Being a full time single parent, my job and children are my top priority. I have many expenses to manage. I lived paycheck to paycheck, even though I worked a full time job, before losing my job due to COVID and having to move to a family shelter with my young daughters. Then, my increase was lower than what it would be with the lack of protections from Bill 15-23. And now, my landlord already is abusing their authority, refusing to do basic maintenance for my unit. Even worse, they have increased my rent so high that I cannot afford it. Now, fear I will end up losing my home and checking into a shelter with my two young daughters, *again.* I don't want to go through that again.

But this isn't just my story. It's the story of thousands of renters who are on the brink of, or are already experiencing homelessness. It's the story of disproportionately Black and Latinx renters, who have been set up to fail by generations of racist housing policies across the country and right here in Montgomery County.

According to the Racial Equity and Social Justice Impact Statement for the previous temporary rent stabilization Bill, 30-21, "Low-wealth and low-income households have been negatively impacted by the financial burdens associated with the pandemic. These households lacking access to affordable and safe housing, also known as secure housing, are also at greater risk of experiencing evictions and homelessness. Many of these households who are disproportionately Black and Latinx in Montgomery County were at

risk for evictions and homelessness prior to the pandemic."

The fact that Black and Latinx renters experience acute housing insecurity is backed by the data:

- Among renter households in 2019, rent-burden (expending 30 percent or more of income on rent) was experienced among 66 percent of Latinx renters and 60 percent of Black renters compared to 40 percent of White renters and 33 percent of Asian renters.
- Among Round 4 COVID Relief Rental Program clients (approved as of March 15, 2023), 45 percent were Black and 23 percent were Latinx while 8 percent were White and 2 percent were Asian or Pacific Islander.
- ***Among families experiencing homelessness in 2020, 78 percent were Black.***

You, leaders of the Montgomery County Council, have an opportunity to choose between a bill that will stabilize rent at 3% max, preventing our County's rapidly-increasing eviction rates to climb, or a bill that will make it **legal** for landlords to make tenants homeless, with the claim that money we don't have will pay the difference.

The choice that supports racial equity is clear. Pass the HOME Act, and take action to make sure tenants like me won't be retraumatized, again, and again, and again, by our failed housing system.

Thank you for your time.

Omodamola E Williams.

Peter Altman
Rockville, MD
March 21, 2023

PETER ALTMAN TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23; AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Peter Altman, and I have lived in District 3 in Montgomery County for twenty years. I own my home, but I consider affordable housing to be essential to a fair, racially just and harmonious society. The runaway rents we are seeing across the county affect all of us, whether renters or owners:

- 50% of renters are cost-burdened, meaning they spend a third or more of their income on rent, making it more difficult to meet other obligations of raising a health family.
- When 60% of MCEA members can't afford to put down roots in our communities, our schools and students bear the cost.
- People who face eviction in Rent Court are overwhelmingly Black women, households with minor children, and people who do not receive a housing subsidy.
- Housing insecurity also disproportionately impacts immigrants and trans and disabled people, as well as renters who live at or below the poverty line, earn a fixed or limited income, or did not qualify for rental assistance because they could not prove pandemic-related loss of income.

That's why I SUPPORT permanent rent stabilization legislation as laid out in Bill 16-23, known as the HOME Act.

The bill caps annual rent increases to match the Voluntary Rent Guidelines or 3%, whichever is lower. It also guarantees fair return for developers and exempts deeply affordable housing, places of worship, and new construction for 10 years.

Councilmembers, especially Sidney Katz (my rep) and other at-large members, please SUPPORT the HOME Act fully.

The competing legislation (Bill 15-23) fails to adequately protect renters. It would effectively codify double-digit rent annual increases, does not meet the needs of renters and will result in significant displacement of families.

Councilmembers, especially Sidney Katz (my rep) and other at-large members, please OPPOSE Bill 15-23.

Thank you for your time and consideration,

Sincerely,

Peter Altman
[redacted]
[redacted]

AGAINST BILL 15-23, FOR BILL 16-23

Dear Council Members,

My name is Rafael Lacayo. I am a Montgomery County resident of 20 years. I am a Rockville resident. I am undocumented. I am an essential Worker.

And I'm writing this letter to voice my opposition against the Developer Dream Bill (Bill 15-23) and support the HOME Act that would bring meaningful change to communities.

Thanks to the Rent Stabilization, I have found stability in this county for the past two and a half years. However, I fear I will be forced to move elsewhere without the protection. My landlord has already warned me of a potential increase of more than 10%!

I am asking for your opposition to Bill 15-23 because legally allowing slumlords to raise rents that high is absurd. One of your biggest fears is that a meaningful rent stabilization bill would stump development. I'd hate to break it to you, but our immigrant and low-income communities are not benefiting from any new development. We don't even benefit from a program such as the MPDU.

If you don't believe me, all you must do is go into these neighborhoods and knock on a few doors. The notion that we must choose between new development and protecting vulnerable communities is dishearting. Yet, in one of the wealthiest counties in the world, we should be able to do both.

I urge you to reconsider this bill and consider its impact on Montgomery County tenants. Instead of prioritizing the interests of landlords, we need to focus on finding real solutions to make housing more affordable and accessible to all. I implore the six bill sponsors to step back and engage in a more inclusive and transparent process that will benefit all community members. I instead invite all of you to engage in the discussion and meaningful process that the HOME ACT has already laid out.

Sincerely,

Rafael Lacayo.

EN CONTRA DEL PROYECTO 15-23, A FAVOR DEL PROYECTO 16-23

Estimados miembros del consejo,

Mi nombre es Rafael Lacayo. Soy residente del condado de Montgomery desde hace 20 años. Soy residente de Rockville. soy indocumentado Soy un trabajador esencial.

Y escribo esta carta para expresar mi oposición al proyecto de ley Developer Dream Bill (proyecto de ley 15-23) y apoyo a la ley HOME que traería un cambio significativo a las comunidades.

Gracias a la Estabilización de Alquileres, he encontrado estabilidad en este condado durante los últimos dos años y medio. Sin embargo, me temo que me veré obligado a mudarme a otro lugar sin la protección. ¡Mi arrendador ya me ha advertido de un aumento potencial de más del 10%!

Le pido su oposición al Proyecto de Ley 15-23 porque es absurdo permitir legalmente que los dueños de barrios marginales aumenten los alquileres tanto. Uno de sus mayores temores es que un proyecto de ley significativo de estabilización de alquileres detenga el desarrollo. Odiaría decírtelo, pero nuestras comunidades de inmigrantes y de bajos ingresos no se están beneficiando de ningún nuevo desarrollo. Ni siquiera nos beneficiamos de un programa como el MPDU.

Si no me crees, todo lo que debes hacer es ir a estos barrios y tocar algunas puertas. La idea de que debemos elegir entre nuevos desarrollos y proteger a las comunidades vulnerables es desalentadora. Sin embargo, en uno de los condados más ricos del mundo, deberíamos poder hacer ambas cosas.

Lo insto a que reconsidere este proyecto de ley y considere su impacto en los inquilinos del condado de Montgomery. En lugar de priorizar los intereses de los propietarios, debemos centrarnos en encontrar soluciones reales para que la vivienda sea más asequible y accesible para todos. Imploro a los patrocinadores de los seis proyectos de ley que den un paso atrás y participen en un proceso más inclusivo y transparente que beneficiará a todos los miembros de la comunidad. En cambio, los invito a todos a participar en la discusión y el proceso significativo que la LEY DEL HOGAR ya ha establecido.

Atentamente,

Rafael Lacayo.

Rafi Glazer
Aspen Hill, MD 20853
www.jufj.org

JEWS UNITED FOR JUSTICE 25 YEARS
THINK JEWISHLY. ACT LOCALLY.

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Rafi Glazer. I am a resident of Aspen Hill in District 6. On behalf of Jews United for Justice (JUFJ), I am submitting this testimony in support of the HOME Act, Bill 16-23, and in opposition to the 'Anti-Rent Gouging Bill,' Bill 15-23. JUFJ organizes over 2,000 Jews and allies from across Montgomery County, who act on our shared values to advance social and economic justice and racial equity in our local community. I'm testifying because I believe that all of our neighbors, across race, class, and zip code, deserve the chance to put down roots in our communities. I'm asking the County Council to pass rent stabilization with a cap no higher than 3% to ensure just that.

Fast approaching is the Jewish holiday of Passover, which celebrates the Israelites' escape from slavery. Our sacred texts insist that we turn this experience into compassion for the most vulnerable in our communities today; in fact, one of the most repeated commandments in all of Torah is to protect the widow, orphan, and stranger because we were once strangers. As a registered resource parent, or foster parent, I have opened my home to many of those most vulnerable, and it breaks my heart that some children would be with their biological families if unsustainably high annual rent increases had not placed their families into unstable housing.

In the three years that I have been a foster parent, I have had the privilege of caring for 10 children, from 3 days old to 16 years old. Many of them do not share their whole life stories, but when we drive around the county and a child points their finger at multiple houses and says, "I used to live there," it tells me that their families have not had stable housing. Another foster parent told me about a biological father who had to take a job in Pennsylvania because he could not afford rent in our county. As a result, he had to drive two hours each way just to see his children, which made it hard for him to make home visits. This in turn made reunification, a key goal of foster care, take much longer than it should have. He was kept away from his children because, for him and many others, rent is too high to live in this county.

Whereas the HOME Act would curb the county's housing crisis, the 'Anti-Rent Gouging Bill' would result in the displacement of our most vulnerable families. We need to do everything we can to make living in this wonderful county an option for everyone. I am doing my part as a foster parent to care for the children impacted by so many failures in our systems, including the crisis of housing instability. It is time for the Council to do your part to ensure no child is separated from their parents because of our county's inadequate protections for renters. **I urge the Council to support Bill 16-23 and oppose Bill 15-23**.

Richard Renner
[redacted]
2023-03-19

Montgomery County Council
Council Office Building
100 Maryland Avenue
Rockville, MD 20850

RE: HOME Act, Bill 16-23, and Bill 15-23

Dear Council Members:

I am Richard Renner, a resident of District 5. My wife and I chose to live in the Wheaton area because we want to be part of a diverse community. For us, abating the effects of poverty is a community responsibility. It is important to me that our County's policies provide effective protections against the devastating effects of eviction, relocation and homelessness. Clearly, the Housing Opportunity, Mobility, & Equity (HOME) Act (Bill 16-23) is more effective at preserving a community that is racially and economically diverse.

As a volunteer in our local Pro Bono legal program, I too often see local residents who are faced with impossible economic choices that threaten their ability to afford housing in this community.

I ask the Montgomery County Council to pass the HOME Act and reject the alternative (15-23) that would permit double-digit rent increases.

Thank you.

Sincerely,

Richard Renner

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Dear Councilmembers,

My name is Rosa Marleny Santos. I am a 33-year-old mother of 3 children. I am an immigrant from Honduras and have been a resident of Montgomery County for 9 years. I am writing this letter to you in support of the HOME ACT.

Up until two years ago, I worked as a building cleaner throughout the county. Due to my pregnancy and other health conditions, I stopped working and became a full-time mother. My husband is the current breadwinner of our household. He works at a nearby restaurant. Unfortunately, his hours have reduced over time. A few months ago. We received a 7% rent increase, putting us under a challenging financial strain. Aside from the overwhelming medical costs that pile up monthly, we had to cut back on many basic necessities to make ends meet.

We often find ourselves asking if the 7% was worth the increase. If you look at our unit and buildings, you probably won't spend the night! But this is our reality. Communities like mine often have to stay and confront undignified conditions because we have no place elsewhere.

With rents skyrocketing, the cost of living increasing, and our salaries remaining the same, how can one thrive in this county? I am writing because I need you all to support bill 16-23, which is manageable and sustainable for working-class and low-income families like mine. But, unfortunately, bill 15-23 does not even come close to protecting our most vulnerable communities. It's disappointing to see any support for this legislation, especially amongst some of our council members of color.

Vote for the HOME ACT!

Thank You!

Rosa Santos

..

Estimados Concejales,

Mi nombre es Rosa Marleny Santos. Soy una madre de 3 hijos de 33 años. Soy inmigrante de Honduras y he sido residente del condado de Montgomery durante 9 años. Le escribo esta carta en apoyo de HOME ACT.

Hasta hace dos años, trabajé limpiando edificios en todo el condado. Debido a mi embarazo y otras condiciones de salud, dejé de trabajar y me convertí en madre a tiempo completo. Mi esposo es el sostén actual de nuestro hogar. Trabaja en un restaurante cercano. Desafortunadamente, sus horas se han reducido con el tiempo. Hace pocos meses. Recibimos un aumento de alquiler del 7%, lo que nos puso bajo una presión financiera desafiante. Además de los abrumadores costos médicos que se acumulan mensualmente, tuvimos que reducir muchas necesidades básicas para llegar a fin de mes.

A menudo nos preguntamos si el 7% valió la pena el aumento. Si miras nuestra unidad y edificios, ¡probablemente no pasarás la noche! Pero esta es nuestra realidad. Comunidades como la mía muchas veces tienen que quedarse y enfrentar condiciones indignas porque no tenemos lugar en otro lugar.

Con los alquileres disparados, el costo de vida aumentando y nuestros salarios sin cambios, ¿cómo se puede prosperar en este condado? Les escribo porque necesito que todos apoyen el proyecto de ley 16-23, que es manejable y sostenible para familias de clase trabajadora y de bajos ingresos como la mía. Desafortunadamente, el proyecto de ley 15-23 ni siquiera se acerca a la protección de nuestras comunidades más vulnerables. Es decepcionante ver algún apoyo a esta legislación, especialmente entre algunos de los miembros de color de nuestro consejo.

¡Vote por la LEY DE CASA!

¡Gracias!

Rosa Santos

Sarah Brand-Wiita
[redacted]

Montgomery County Council
100 Maryland Ave
Rockville, MD 20850

24 March 2023

Re: Testimony in support of the HOME Act, Bill 16-23; and in opposition to the 'Anti-Rent Gouging' Bill 15-23

Honorable Members of the County Council,

Thank you very much for holding these upcoming hearings, and thank you for giving us the opportunity to testify.

My name is Sarah Brand-Wiita. I am a Member of the Montgomery County Democratic Central Committee (At-Large), but I must specify that I am writing as a private individual, not for the Committee. I have a Bachelor's in Economics from Vanderbilt University and a Master's in Inequalities and Social Science from the London School of Economics.

I write to urge you in the strongest possible terms to support the HOME Act.

I am privileged to live in Montgomery County with secure housing. But people I love are, or have been, housing insecure. My husband, Zach Brand-Wiita, first moved to Montgomery County almost thirteen years ago. He spent nine years renting a room in a group home because he had to financially support his mother after she became disabled following a stroke. The group house in which he lived was infested at various times with cockroaches, mice, and rats; he couldn't even cook using an oven because theirs was broken. After we fell in love, he moved in with me and was able to find better work, and we married. But, well – I can't marry everyone in Montgomery County!

Nor was my husband's experience uncommon. I have two elderly friends whom I met through my church. Both are themselves disabled and living on fixed incomes, and they too must rent rooms in group houses. They too face potential health risks from poor maintenance by negligent landlords. And they do not have families to provide them with financial support.

I think of these stories when I hear about Bills 16-23 and 15-23. I worry about my friends, and I worry about all the other people living in precarious housing in our County.

Bill 15-23, as you know, would allow rent increases of 8% plus CPI. Last year, that was 6.5% – we're talking a 14.5% rent increase! And all I can think when I hear that is – what are families who can barely get by supposed to do if they get a 14.5% rent increase? Move into a group house? What are my friends living on a fixed income supposed to do – get a roommate for the tiny bedroom they can barely afford? What are they supposed to do?

What are they supposed to do?

The HOME Act is the best possible alternative. A maximum annual rent increase of 3% will keep renters in their homes while preserving the ability of landlords to support themselves, and it's consistent with modern economic research showing that rent stabilization is an effective way to prevent displacement.

I urge you: Pass the HOME Act and keep our neighbors housed.

Sincerely,



Sarah Brand-Wiita

Testimony on Behalf of County Executive Marc Elrich on
Bill 15-23, Landlord-Tenant Relations - Anti Rent Gouging Protections
and
Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act)

March 28, 2023
1:30 p.m.

Good afternoon, Council President Glass and Councilmembers, my name is Scott Bruton, Acting Director of the Department of Housing and Community Affairs (DHCA). I am testifying on behalf of the County Executive in support of Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act) with comments on Bill 15-23, Landlord-Tenant Relations - Anti Rent Gouging Protections.

Given the affordable housing crisis in Montgomery County, our region, and the nation, it is heartening that the County Executive and a significant majority of the Council agree that limits need to be placed on rent increases.

The regulation of rent increases is not only a matter of stabilizing housing affordability, but also a matter of racial equity and social justice. Approximately 35% of County residents are renters: almost exactly half (49%) are housing cost burdened (paying more than 30% or more of their income for housing) and 23% are severely housing cost burdened (paying 50% or more of their income for housing). For renters making less than $75,000 annually, 84% are housing cost burdened. And non-White racial and ethnic groups are far more likely to be renters in the County (percent of total population/percent of renters): White (43%/22%), Black (18%/58%), Asian (15%/29%), Hispanic or Latinx (20%/45%), Other (5%/53%).[1]

Our analysis of more than 100,000 units in 23 communities across the County found that only Takoma Park, which has had rent stabilization since 1980, has rental housing affordable to the average household for all racial and ethnic groups. In every other community, the median rent leaves the average Black or Hispanic renter cost burdened (see Appendix 1).

Bills 15-23 and the HOME Act both contain the standard elements of rent stabilization legislation but differ in their implementation of each.

Maximum annual rent increases: Both bills set annual maximum rent increases for regulated units. Bill 15-23 would set the maximum at the Consumer Price Index (CPI) + 8%. The HOME Act would set the maximum at 3% or the increase in the rental component of the CPI, whichever is lower.[2]

The lower maximum rent increases allowed by the HOME Act would significantly assist low- and moderate-income Black and Hispanic or Latinx households who are disproportionally renters in the County. The HOME Act would also have a stabilizing effect on approximately 37% of rent increases that fall outside the historical averages for both the rent component of the CPI and the actual average rent

[1] Montgomery CountyStat analysis of 2021 American Community Survey (ACS) and ACS 5-year estimates 2016-2020.
[2] For years when the rental component of CPI is greater than 3%, Bill 16-23 allows landlords to recover the foregone portion of the rent increase in future years when the rental component of CPI is below 3%. A landlord may not bank foregone rent increases for more than 5 years and may not exceed a 3% increase when using banked increases.

increases in Montgomery County, while Bill 15-23 would only limit the approximately 7% of rent increases that are roughly 10% or higher.

For context, the average rent component of the CPI over the past 41 years (1983-2023) was 3.1%. Based on annual DHCA Rental Rate Survey data 2016-2022, the median rent changed 1.1% year over year for all multifamily units in the sample regardless of whether the rent increased/decreased/or stayed the same. For units that reported an increase in rent year over year, the median increase was 2.98%. More than half (55.2%) of the units in the sample experienced at least one rent increase. Between 2016-2022, 36.8 % of units reported rent increases above the historical rental component of the CPI or the 3% maximum contained in the HOME Act. During the same period, 19.9% of units reported 3-10% increases, 5.5% of units reported 10-25% increases, and 1.3% of units reported increases above 25%.[3]

DHCA's Office of Landlord Tenant Affairs (OLTA) received 112 rent increase notifications between May 16, 2022, to January 9, 2023. Of those, roughly 90% reported increases over 5%, while 75% were over a 10% increase. There were a few reports of 100% increases for tenants going to month-to-month, but the highest increase for an annual lease renewal was 53%.

Exemptions: Both bills contain an exemption for new construction: an important provision that is standard in rent stabilization programs across the country. The new construction exemption provides adequate time for lenders and investors to receive their return and set the rents to encourage continued investment in rental housing production. The new construction exemption for Bill 15-23 is 15 years and for the HOME Act it is 10 years.

The bills also contain a range of exemptions for a range of special purpose housing, Accessory Dwelling Units, and properties that have government restrictions on affordability to serve low- and moderate-income households. Bill 15-23 also exempts single-family homes and condominiums owned by an individual.

Tables 1 and 2 contain data on the numbers of rental units in the County by property type and the number and types of units that would be exempt under the new construction exemptions of the two bills.[4]

Table 1: Number of rental units in Montgomery County based on DHCA licensing records

Property Type	Number of Units
Multifamily	73,668 (616 properties)
Single Family	16,020
Condominium	8,516
Accessory Dwelling Unit (Class 1 & 3)	436

Table 2: Estimate of current Montgomery County properties that would be impacted by a 10- or 15-year new construction exemption based on DHCA licensing records

Structure Type	10 Years	15 Years
Multifamily Properties	58	76

[3] Montgomery County CountyStat analysis of DHCA Rental Rate Survey data 2016-2022.

[4] The 2021 American Community Survey (ACS) estimates a total of 405,755 housing units and 388,396 occupied housing units, with 255,211 owner occupied and 133,185 renter occupied. The difference between ACS and DHCA licensing data for rental units

Multifamily Units	13,612	17,747
Single Family Properties	435	750
Condominium Units	74	147

Fair return / hardship petitions: The HOME Act ensures that landlords can make a fair return on their investments. The HOME Act allows landlords to petition for a fair return on investment and provides detailed criteria for determining the base Net Operating Income of the property and calculating rent increases beyond the maximum annual to maintain it. Net operating income is a standard industry measure that calculates includes revenue and expenses from property operations. Revenue includes rental income, rental losses and other income. Expenses include all property operating expenses generally covered by the following categories: payroll, administrative, marketing, operating and maintenance, utilities, taxes, and insurance. A fair return increase may not exceed 15% in any 12-month period, and if greater than 10% may be imposed incrementally over subsequent years to limit displacement pressures on tenants. Also, as a means of tenant protection, the HOME Act does not allow the landlord of a property that is out of compliance with County laws and regulations, including those designated as "troubled" or "at risk" under housing code provisions in Section 29-22(b), to file a fair return petition.

While Bill 15-23 allows landlords to petition DHCA for a one-year exemption from the maximum annual increase if compliance would cause an undue hardship, the criteria for approving such an exemption is undefined and puts no limit on the rent increases a landlord could charge during the exemption. Bill 15-23 also does not make significant compliance with the housing code a factor in seeking an exemption from the maximum annual rent increase.

Capital improvement petitions: Both bills allow landlords to petition to increase rents for capital improvements, which encourages improvements to the building; however, their methods for paying for capital improvements result in different short- and long-term impacts on affordability. The HOME Act allows landlords to include capital improvements in a fair return petition for the entire property. Bill 15-23 allows landlords to petition DHCA after capital improvements are completed for a 12-month surcharge on unit-specific capital improvements or a 24-month surcharge for property-wide capital improvements: both surcharges are prorated and only cover the cost of the capital improvements. Depending on the cost of capital improvements, a 12- or 24-month surcharge could be very costly for tenants and could result in displacement; for example, Washington, DC amortizes approved capital improvement surcharges over 8 years to lessen the impact on tenants and exempts elderly and disabled tenants from the surcharge.

Vacancy tax: The HOME Act also includes the ability for DHCA to impose a tax on vacant units to discourage withholding units from the market during the ongoing housing availability crisis. The proceeds of the vacancy tax would be deposited in the County's Housing Initiative Fund solely for the acquisition of affordable housing and administration of the rent stabilization program.

Annual reporting requirements: Both bills require the submission to DHCA of an annual rent report on September 30 covering the preceding July 1 to June 30. The Council should evaluate the purpose of this requirement and consider merging it with the similar mandate in County Code Section 29-51 for DHCA to conduct its annual rent survey.

Thank you for the opportunity to testify.

Rental Affordability: Contracted Rent

MONTGOMERY COUNTY COUNTYSTAT

Percent of **50th percentile estimated contracted rent** as a percent of county-wide median monthly income by Race and Ethnicity

What does this table tell us? This table displays the estimated rental burden of county-wide renters across demographic categories and within geographic rental markets. The rents in this table are not changing but the income disparities across demographic categories have an impact on the percentage of income that renters pay for rent across geographic rental markets and can ultimately afford.

Tabulation Area	Number of Rental Occupied Households	Estimated Median Contracted Rent	Percent of estimated median rent within a tabulation area as a percent of 50th percentile **White Alone** monthly income	Percent of estimated median rent within a tabulation area as a percent of 50th percentile **Asian Alone** monthly income	Percent of estimated median rent within a tabulation area as a percent of 50th percentile **Black or African American Alone** monthly income	Percent of estimated median rent within a tabulation area as a percent of 50th percentile **Hispanic** monthly income
Downtown Silver Spring	15,298	$1,660	23%	27%	40%	41%
Gaithersburg	14,866	$1,643	23%	26%	40%	41%
Rockville	11,739	$1,866	26%	30%	45%	46%
North Bethesda	11,319	$1,886	27%	30%	46%	47%
Germantown	10,506	$1,584	22%	25%	38%	39%
Bethesda	8,304	$2,124	30%	34%	**52%**	**53%**
Aspen Hill	6,457	$1,412	20%	23%	34%	35%
Wheaton	6,324	$1,636	23%	26%	40%	41%
Montgomery Village	5,263	$1,522	21%	24%	37%	38%
Long Branch	4,956	$1,403	20%	22%	34%	35%
Fairland	4,358	$1,510	21%	24%	37%	38%
White Oak & Hillandale	4,303	$1,590	22%	25%	39%	40%
Chevy Chase	3,343	$2,210	31%	35%	**54%**	**55%**
Takoma Park	3,214	$1,133	16%	18%	28%	28%
Potomac	2,011	$1,607	23%	26%	39%	40%
North Potomac & Travilah	1,527	$1,967	28%	32%	48%	49%
Kensington	1,455	$1,936	27%	31%	47%	48%
Olney	1,298	$1,395	20%	22%	34%	35%
Leisure World	1,249	$1,647	23%	26%	40%	41%
Forest Glen	1,212	$1,554	22%	25%	38%	39%
Glenmont	1,191	$1,573	22%	25%	38%	39%
Colesville	1,181	$1,343	19%	22%	33%	33%
Burtonsville & Ashton-Sandy Spring	1,087	$1,634	23%	26%	40%	41%

Filtered: MCTAs with 1,000 or more Renter-Occupied Units

March 28, 2023

I am Dr. Shenetta Malkia-Sapp and I am testifying today on behalf of The PMs of The City, a property management firm that represents real estate professionals, and small landlords in Montgomery County, owning or managing one to fifty units, to express our concerns regarding the rental regulations put forward in Bill 15-23 and Bill 16-23. Rental regulations like these are artificial efforts to overregulate a rental marketplace in Montgomery County that is already setting a good pace for itself aligned with natural market practices.

The false narrative that more than very few landlords may be rent gouging is a false one. In managing properties for the last 20 plus years, the average increase even for the larger management firms has been 3% to 5%. For our clients that own 1 to 5 units, the increase in rent helps with essential property needs. The new bills would increase the hardship on small housing providers, access to affordable housing, and the economic stability and equality you are looking to create and sustain in the county.

A majority of the naturally occurring affordable housing in the County is provided by small landlords. The Montgomery County Planning Department estimates that 25% of the rental housing in the County is provided by people that rent out single family homes, townhouses, and condominiums. About half of the apartment buildings in the County are 20 units or less. These properties are owned by individuals and small businesses; however, this legislation would treat them the same as large corporate providers.

The adoption of these bills and or the legislation as proposed, will result in a decrease in the availability of this affordable housing. Thousands of property owners will choose to sell rather than deal with the hardships and burdens of rental control or other laws that don't include the providers of the housing.

With this in mind, we understand that the Council will look to pass one of the two bills on the agenda in the near future. Of the two bills before us today, Bill 15-23 will ensure bad actors in the industry will be regulated and allow Montgomery County to remain as a place attractive and competitive for long-term property management investments.

I would also be remiss if I did not offer our expertise as property managers and real estate professionals and to remind our elected officials that we are always available to speak with you and show you what is happening on the ground in Montgomery County so that transparent and practical legislation can be adopted to improve the quality of life for all Montgomery County residents.

Thank you for the opportunity to testify and we look forward to having a seat at the table when proposals such as these are discussed at the Council.

Kind Regards
Dr. Shenetta Malkia-Sapp AHWD, MRP, HOC, CIPS
CEO. Broker. Property Manager
REALTOR® & REALTIST– MD, DC, VA, GA
The PMs Of the City LLC & The PMs Of the City Realty

GREATER SILVER SPRING CHAMBER OF COMMERCE

OUR MISSION:
Working to enhance the economic prosperity of greater Silver Spring through robust promotion of our member businesses and unrelenting advocacy on their behalf.

April 10, 2023

The Honorable Evan Glass
and Members of the Montgomery County Council
100 Maryland Avenue, Sixth Floor
Rockville, Maryland 20850

Dear Council President Glass and Members of the Council:

On behalf of the Greater Silver Spring Chamber of Commerce, representing more than 300 employers, mostly small businesses, and several non-profit organizations in greater Silver Spring and surrounding areas in Montgomery County, we are submitting these comments for your review and consideration as you deliberate action on the County Executive's proposed FY24 Operating Budget and Public Services Program.

As you are well aware, there are dueling rent control bills being considered. One bill, Bill 16-23, Landlord-Tenant Relations – Rent Stabilization (The HOME Act), sponsored by Councilmembers Jawando and Mink, proposes a 3% rent cap. The other bill, Bill 15-23, Landlord-Tenant Relations-Anti Rent Gouging Protections, sponsored by Councilmember Fani- González and five other Councilmembers, proposes an 8% rent cap plus CPI.

As per economic data and numerous studies quoted in previous hearings, implementing rent control will create even more housing shortages, drive up costs of rental housing, and decrease the quality of existing housing stock. We are aware that property owners who rent gouge exist. However, as noted multiple times, the average rent increase over the last 10 years in Montgomery County has been 2.1%.

We already have a housing supply problem in Montgomery County – both for owner-occupied and rental options. We need to work on building more attainable housing before we drive businesses interested in building a workforce here, and developers interested in providing housing, away from the County. Both of these bills threaten housing affordability and deeply impair Montgomery County's role as an economic engine in the region.

Before passing either piece of legislation, the Greater Silver Spring Chamber of Commerce urges the Council to consider the message that legislation like this sends about how much Montgomery County is "open for business." Particularly in conjunction with the massive property tax increase and recordation tax increase, the exact opposite message is being sent to those who might be interested in investing in locating or growing their businesses here.

All that said, if you feel you must choose between these two pieces of legislation to regulate the rental market, Bill 15-23 would better address the bad actors in the industry and maintain Montgomery County as a place for long-term property management investments. The Greater Silver Spring Chamber of Commerce would further urge that monies collected from this bill passage be applied to any number of the issues in Silver Spring that were cited in the previously submitted "GSSCC Testimony – Operating Budget FY24."

Lastly, when combined, the massive property tax increase suggested by County Executive Elrich in the FY2024 Operating Budget and rent control legislation, signifies that Montgomery County does not invite investment or economic development, and you are making it impossible for the next generation of business leaders to afford to make roots in Montgomery County.

8601 Georgia Avenue, Suite 203, Silver Spring, Maryland 20910
Phone (301)565-3777 ● Fax (301)565-3377 ● jredicker@gsscc.org ● www.gsscc.org

The Greater Silver Spring Chamber of Commerce would like to urge the Council to consider the message that legislation like this sends about affordability here. You not inviting those who might be interested in investing in locating or growing their businesses here.

In conclusion, both the County and many private entities have made enormous investments in Silver Spring. We believe that the requests we offer in this letter in lieu of testimony will serve to protect those investments and help to assure a safe, secure, and vibrant future for Silver Spring.

Should you have questions, don't hesitate to contact us.

Sincerely,

Stephanie M. Helsing

Stephanie Helsing
President & CEO

Tafa Nutakor

[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;

AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

I am a high school student in District 1 of Montgomery County. Although I personally do not live in a rental property, I know people who do. I believe that affordable housing is a right, and that it is the county's responsibility to secure this right for all. I'm asking that the Council pass rent stabilization with a cap no higher than 3% because nobody deserves to struggle with housing instability.

Dear Montgomery County Council,

My name is Veronica Martinez de Miranda. I am a resident of Montgomery County and a mom of three. I live at Rock Creek Apartments in Rockville, MD. Here I worked cleaning vacant apartments. When my family and I began to talk about the injustices and bad conditions of the property, the manager did not allow me to continue working as a cleaner.

I am writing to ask for your support for the Income Stabilization Bill 16-23; Montgomery County Housing, Mobility, and Equity Opportunity Act. Tenants should know that if your rent is increased, it will be for a reasonable amount of money, no more than 3% of your current rent for the next 12 months.

Every day we have to live with mold, roach and mouse infestation, multiple floods, and plumbing problems. These are only a small part of the problems that we face in our day to day. Conditions that not only affect our home but also our health. Aside from being unfairly fired from my job, my family and I are forced to put up with deplorable housing conditions for rent increases of an average of 4-7%. It is not fair to have to pay more than $2,000 in a place where they care more about raising the cost of rent than fixing the inhuman conditions of the houses.

I write to say that immigrants like me deserve better!

Our families should not be subjected to deplorable conditions!

They must not put up with injustices!

As a county resident, I believe it is critical that we put people first. I am asking for a YES vote on the HOME Act, House Bill 16-23, and a NO vote on House Bill 15-23 which does not meet the needs of tenants and will cause significant displacement of families.

Sincerely,

Veronica Martinez de Miranda

[redacted]

Estimado Consejo del Condado de Montgomery,

Mi nombre es Veronica Martinez de Miranda. Soy residente del condado de Montgomery y una mama de tres. Vivo en los apartamentos de Rock Creek en Rockville MD. Aqui trabajaba hacienda la limpieza de los apartamentos vacantes. Cuando mi familia y yo empezamos a hablar sobre las injusticias y malas condiciones de la propiedad, el manager no pirmitio que yo siguiera trabajando haciendo limpieza.

Le escribo para pedir su apoyo al Proyecto de Ley de Estabilizacion de Renta 16-23; Ley de Oportunidades de Vivienda, Movilidad y Equidad en el Condado de Montgomery. Los inquilinos deben saber que si su alquiler aumenta, será por una cantidad razonable de dinero, no más del 3% de su alquiler actual durante los próximos 12 meses.

Todos los dias tenemos que vivir con mojo, infestacion de cucarachas y ratones, multiple inundaciones y problemas de plomeria. Estos son solo una parte pequena de los problemas que nos enfrentamos en nuestro dia a dia. Condiciones que no solo afectan nuestra vivienda pero tambien nuestra salud. Aparte de que me corrieran injustamente de mi trabajo, mi familia y yo nos vemos obligados a soportar las condiciones de vivienda deplorables por el aumento de renta de un promedio de 4-7%. No es justo tener que pagar mas de $2,000 en un lugar donde les importa mas subir el costo de la renta que arreglar las condiciones inhumanas de las viviendas.

Escribo para decir que imigrantes como yo merecemos mejor!

Nuestras familias no deben ser sujetos a condiciones deplorables!

No deben de aguantar injusticias!

Como residente del condado, creo que es fundamental que pongamos a las personas en primer lugar. Estoy pidiendo un voto SÍ a la Ley HOME, Proyecto de Ley 16-23 y un voto NO al proyecto de ley 15-23 que no satisface las necesidades de los inquilinos y provocará un desplazamiento significativo de familias.

Atentamente,

Veronica Martinez de Miranda
13206 Twinbrook Pkwy Rockville MD 20851
240.893.4191

TESTIMONY OF THE GREATER CAPITAL AREA ASSOCIATION OF REALTORS® BEFORE THE MONTGOMERY COUNTY COUNCIL

Regarding Bill 15-23, Landlord-Tenant Relations - Anti Rent Gouging Protections and Bill 16-23, Landlord-Tenant Relations - Rent Stabilization

March 28, 2023

My name is Villy Iranpur, and I am testifying today on behalf of the Greater Capital Area Association of REALTORS® (GCAAR), --12,000 REALTORS®, property managers, title attorneys, and other real estate professionals, to express our concerns regarding the rental regulations put forward in Bill 15-23 and Bill 16-23.

GCAAR, like many of those testifying today, cannot sign on to these bills as wholesale supporters. Decades of economic data show that rent control creates housing shortages, drives up cost of rental housing, and decreases the quality of existing housing stock. Rental regulations like these are artificial efforts to regulate a rental marketplace in Montgomery County that is already setting a good pace for itself. As noted multiple times, the average rent increase over the last 10 years is 2.1%.

Proponents of Bill 16-23 point to a handful of examples of bad actors in the property management space – many of which take place in municipalities that would still be exempt from such action. Let us be clear: there are property owners that rent gouge, far and few in between which is both bad for business, bad for the industry, and bad for the community.

But overregulation based on anecdotal evidence is simply bad governance. While the Council wisely requested a report from the Office of Legislative Oversight regarding the rental market in our county, we are faced with not one but two bills further regulating the marketplace before it is even complete.

The biggest problem facing the housing market – both owner occupied and rental units – is supply. The County set the pace nationwide in 1974 with inclusionary zoning but has fallen way behind in the last few decades. While many factors are causing our shortage of units and rising rents, there needs to be a collaborative approach taken with housing providers and developers. Let's work on how to build more affordable and attainable housing, instead of driving business out of the county.

While some legislation has been passed or introduced to provide additional tools, there is much more to be done. The Council needs to set its focus on meeting the housing goals set forth in the Council of Governments report. We are thousands of units away from our goal and only falling further behind. Instead we are here discussing regulations that could further threaten housing affordability and our role as an economic engine in the state and region.

With all of this in mind, it is clear the Council is set on passing *something* to further regulate the rental marketplace. Of the two pieces of legislation before us today, Bill 15-23 will weed out bad actors in the industry and maintain Montgomery County as a place for long-term property management investments.

In conjunction with the massive tax burdens under deliberation in the coming weeks, we urge the Council to think deeply about the message legislation like this sends about how much Montgomery County, as MCEDC says, "Means Business."

Thank you again for your work to keep Montgomery County a welcoming place for all. Please do not hesitate to reach out if myself or our association can be helpful in any way.

Zeyad Jazouli
[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23; AND IN OPPOSITION TO THE ‘ANTI-RENT GOUGING’ BILL 15-23

I’m testifying because I support the Home Act, Bill 16-23. I support this act because I know everyone deserves to have a stable and healthy home, and that means opposing the Anti-Rent Gouging bill, 15-23. As a high school student at Montgomery Blair, I am asking the Council to support the Home act and pass rent stabilizations with a cap no higher than 3%. I know this is a large ask but I also know that it is important and needs to be done. I have seen it firsthandly where students get affected due to housing problems. I have had friends who have had their school life and extra curricular life directly affected by these problems. Some of them have had to watch their siblings in order to help their parents, had to work jobs to support their family, and had to move numerous times into potentially unsafe environments. While all of this struggle will not disappear, a large ammount of it can be prevented. It can be prevented through the Home Act, Bill 16-23 and preventing the Anti-Rent Gouging Bill from doing real damage.

Thank you very much,
Zeyad Jazouli

Zoe Duni
[redacted]

TESTIMONY IN SUPPORT OF THE HOME ACT, BILL 16-23;
AND IN OPPOSITION TO THE 'ANTI-RENT GOUGING' BILL 15-23

My name is Zoe Duni. I live on 5600 Luxemburg Street in Rockville in District 4 and I am testifying because I am asking the County Council to support bill 16-23 and reject bill 15-23. I am a student at Walter Johnson High School and I am a constituent of Councilmember Kate Stewart.

There have been many times in my life where I have been forced to move- I have lived in many different parts of the county. Because of this, I know firsthand how challenging it is to have to reinvent your life due to a new home. For anyone, it is an unfamiliar community- a new, often unsteady adjustment.

For students in particular though, it changes everything. You have new teachers, new friends, new classmates, new administrators, new neighbors. It creates a whole new routine. It's not only a change in setting- it's a change in the whole context of our lives. And this instability makes it harder for students to maintain their normal routine - to get work done for school, to have fun with their friends, to find their place. It can be isolating to be in a new place with new people, to have your childhood scattered across different areas.

Housing instability is a huge cause of this. If you can't afford your own home, then you are inevitably being pushed out of your community. Moving is no longer a choice- it becomes a necessity in order to afford a place to stay. It's a chaotic situation and one that students shouldn't have to be in.

As I have mentioned, I know the feeling of moving often. I know how hard it is to have to adjust again and again to a new environment- it's an additional toll on students' already stressful lives. And if people are being displaced due to incredibly high rent increases, then students will be forced to bear this weight.

I don't want students to feel the same way that I have. I don't want them to endure an extra burden- the burden of remodeling their lives over something that could easily be fixed by a policy being introduced in their local government. They have a right to stable homes just as much as any resident in Montgomery County.

The more I talk to tenants through canvassing, the more I talk to students working in local organizations, the more I talk to the people around me living in Montgomery County, the more I am convinced that this is what they need. I have heard countless stories (many of which are in the HOME Act bill) of rent increases pushing people out, creating stress in students' lives, forcing tenants to live in unacceptable conditions to afford rent.

This is why I am asking the County Council to support this policy. I am asking them to act like the adults in the room and take care of our students and our community. I am asking them to enact this simple policy that already reflects the average rent in the county. I am asking them to hear our community members rather than focus on a mathematical formula for their lives.

I am asking them for stability- for students and for all tenants in the community.

Pass the HOME Act and reject Bill 15-23.

MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

KATE STEWART
COUNCILMEMBER
DISTRICT 4

June 12, 2023

To: Councilmembers, Council Chiefs of Staff,
Montgomery County Council

From: Kate Stewart, Councilmember
Montgomery County Council District 4

Subject: Key points to consider in our upcoming discussions regarding rent regulations

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As the Planning Housing and Parks Committee begins formal discussions related to renter regulations—Bill 15-23, the anti-rent gouging bill and Bill 16-23, the rent stabilization bill—I wanted to share my position related to any policy moving forward. First and foremost, any rent regulation policy must benefit our residents and should not impede the building of new housing, which is something that is vitally needed. I will note that as Councilmember representing District 4, which has the most renters in the county, the outcomes of this work will have a significant impact on residents that I represent.

We are facing an unprecedented housing crisis related to the availability of homes and affordability. As we look to address the crisis, the goals of ensuring stable, safe, affordable homes must be front and center. While not the only policy to solve our affordable housing crisis, rent stabilization is a proven tool to address and advance these goals for renters. A well-crafted policy will protect people from excessive rent increases by creating a schedule for reasonable and gradual increases, while ensuring that landlords receive a fair return on their investment. We know rent stabilization is a proven policy that can rapidly stabilize prices, halt rent gouging, and reduce the risk of displacement and homelessness, while increasing housing security and affordability over the long term.

The benefits of putting in place a rent stabilization policy include creating stable communities. Increased housing stability and affordability will have an exponential effect across the county. Renters would be more economically secure, with more resources to spend on other household needs and boost local economies. They would be healthier, since stability and affordability would contribute to improving their mental and physical health. Children would do better in school, since frequent moves hamper education. And our democracy would grow stronger, as stability increases civic and political participation.

However, the eventual policy adopted here in Montgomery County must also provide for landlords and builders, a fair return for their investment. We need to make sure they are able to keep up on the maintenance of their properties. We also need to ensure any policy does not discourage new housing to be built.

The issues we are tackling as we discuss rent regulations are more than just the allowable rates of increase. There are many factors we need to include in these efforts to ensure a successful program that benefits the whole community. As the Committee begins its work, I would like to highlight my current thinking:

- After careful review, I believe that it is important for us to include a measure of inflation in the rate and a cap. This allows for the grounding of rent increases in the fluidity of the economy in rents. Providing a hard cap as a backstop ensures that the rate does not get too high and the predictability to protect tenants from being put out of their homes. As highlighted in the recent OLO report on Rent Regulations and the Montgomery County Rental Housing Market, a number of jurisdictions have caps ranging from 3 to 10 percent. It is important to note that any rent increase over 10 percent is known as a constructive eviction. Constructive eviction is a landlord's effort to remove a tenant through means other than a formal eviction. However, the end result is the same. We must make sure we cap whatever allowable increase we have well below that threshold, especially without just cause eviction in the county.

- Rate banking is another essential aspect that must be included in a rent stabilization bill. This will afford landlords predictable income over time to manage their properties.

- Because Maryland currently does not allow for just cause eviction, we need to pay close attention to the allowable increase when an apartment becomes vacant. This conversation should include a discussion of who we believe should benefit from a rent regulation policy. We should be looking for a policy that does not just stabilize rents for current tenants but for our entire community. This will get at the

heart of maintaining affordability in our county. The bottomline is a vacancy should not automatically mean an increase in rent for that unit.

- Creating a process to ensure a fair return for landlords on their investment will be key to any successful policy. This is a vital component concerning regulation with rent increases being tied to inflation, as it allows landlords to adequately maintain their properties in accordance with the volatility of the economy. DHCA staff should use their expertise to develop a formula and process in regulations to address fair return.

- New development is another aspect that we must take into account during these discussions. I appreciate that both bills exempt new buildings for a period of time and I would emphasize the need in our county for more affordable housing, including new construction. While ensuring rents are predictable and stable, any policy we put in place must also make sure that we continue to encourage and facilitate the building of new homes. An exemption on new buildings for 15 years after the first rented property provides this security.

I look forward to greater discussion on these topics and stress the need to remember our shared goals of predictability, affordability, stability, and safe housing for all. As the two bills work their way through the Planning Housing and Parks Committee I am hopeful that amendments will be introduced to include the above concepts to any legislation that comes to the full council. In closing, I appreciate the thoughtful work of all of my colleagues as you consider both pieces of legislation and the protections needed for renters and for landlords.

At the workesession on June 15, the PHP Committee requested an in-depth, side-by-side comparison of Bills 15-23 and 16-23. Staff has prepared the following chart to compare the bills. Areas of difference are highlighted.

BILL PROVISIONS	BILL 15-23	BILL 16-23	
BASE RENT "Defined"	*Base rent* means rent charged for a regulated rental unit under a lease, exclusive of any rental discounts, incentives, concessions, or credits that are: (1) offered by the landlord; (2) accepted by the tenant; and (3) itemized in the lease separate from the rent.	*Base rent* means a fixed periodic sum charged for the use and occupancy of a unit or property, as agreed to, by the tenant and stated in the lease. Base rent does not include other charges or payments to cover operating or maintenance expenses, even if the lease characterizes the charges as "rent" or "additional rent."	
AMOUNT OF RENT CAP	8% plus CPI-U	Caps rent at 3% per year or the current rental component of the CPI-U metric, whichever is lower.	
NOTICES OF RENT INCREASE	90-day advance notice on rent increases as required by existing law.	90-day advance notice on rent increases as required by existing law.	
FREQUENCY OF RENT INCREASES	Once per year, as per current law.	Allowed once per year unless a fair rate return petition is approved by DHCA.	
BANKING COMPONENT	No banking.	Banking is allowed for rent increases above the 3% CPI metric and landlords may recover and use the bank in future years when the CPI metric is below 3%. There is a 5-year limit on banking increases.	
AUTOMATIC EXEMPTIONS	• Automatically exempt: - a unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses; - a unit in a facility owned or leased by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the	• Licensed facility used for care, diagnosis, cure, mitigation, and treatment of illnesses • owner-occupied group home • religious facilities (i.e., church) • group living facilities	• MPDUs • transient lodge facilities (i.e. motels, tourist homes, etc.) • school dormitory • assisted living or

	organization is to provide temporary shelter for qualified clients; - an owner-occupied group house; - a religious facility, including a church, synagogue, parsonage, rectory, convent, and parish home; - a transient lodging facility subject to Chapter 54; - a school dormitory; - a licensed assisted living facility or nursing home; - a building originally designed and constructed to contain only 2 dwelling units, one of which the owner currently occupies as a principal residence; - an accessory dwelling unit; - a unit subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low and moderate income tenants; - a single-family home; and - a condominium owned by an individual.	• units used for temporary sanctuary or shelter • a dwelling unit governed by a State or County agreement that limits the rent charged and the agreement remains in effect	nursing home • ADUs • A building with two dwelling units and one unit is owner-occupied.
EXEMPTIONS - NEW CONSTRUCTION	15-year exemption (no application)	10-year exemption (owner must apply for exemption)	
FAIR RETURN - PETITION AND RIGHT TO APPEAL	N/A	A landlord has a right to petition for a rent increase to obtain a fair return, if the landlord proposes the increase should be more than the allowable rent cap. The landlord has the burden of proof to submit a petition that includes income and expense information for DHCA to review and determine whether a fair return is permitted.	

		If the petition is granted, the landlord must provide the tenant a 90-day notice before increasing the rent, if a petition is denied, the landlord has the right to appeal to the Commission on Landlord-Tenant Affairs. There is a ceiling on an approved fair return increase of up to 15% in one year. A troubled or at-risk property not in compliance with County laws and/or regulations would be prohibited from filing a fair return petition.
CAPITAL IMPROVEMENTS	The cap may be exceeded, upon application, if the Director determines: (1) the surcharge is limited to an amount necessary to cover the costs of capital improvements to the regulated unit, excluding the costs of ordinary repair and maintenance; (2) the surcharge does not take effect until after the capital improvements are completed; (3) if the capital improvements are building-wide, the surcharge is prorated over 24 months; (4) if the capital improvements apply only to certain regulated rental units and are not building-wide, the surcharge is prorated over 12 months; and (5) the surcharge ends once the costs of the capital improvements have been recovered by the landlord.	Through the fair rate petition process, a landlord may request to include the amortization of capital improvements as operating expenses, if the improvements were made building-wide.
HARDSHIP EXEMPTION	A landlord may be granted a 1-year exemption from DHCA for financial hardship to the landlord. The exemption is renewable.	N/A
ANNUAL REPORTING	Yes. Landlords are required to annual report rent amounts to DHCA.	Yes. Landlords are required to annual report rent amounts to DHCA.

HOUSING VACANCY TAX	Not applicable.	A rental unit vacant for more than a year may be subject to a $500 per unit housing vacancy tax. Funds collected by Finance will be deposited into the Housing Initiative Fund.