Coalition for Smarter Growth
DC • MD • VA

July 28, 2022

Montgomery County Council
100 Maryland Ave
Rockville, MD 20850

Testimony for:

Bill 22-22E - Landlord-Tenant Relations - Limitations on Rent Increases (Support)

Jane Lyons, Maryland Advocacy Manager

The Coalition for Smarter Growth supports Bill 22-22E, which would limit rent increases to 4.4 percent for six months, and strongly urges you to develop and implement a long-term policy that protects tenants without hindering the construction of new housing. We also associate ourselves with the testimony of the Montgomery Housing Alliance, of which we are a member.

As short-term emergency measures come to an end and landlords face rapidly rising prices, it is unfortunately inevitable that rents will increase severely to compensate. These increases threaten many residents with displacement from their homes and communities. This is why we support Bill 22-22E as a short-term measure, and urge you to act on it expeditiously.

We also urge you to work towards creating a permanent anti-rent gouging policy to protect tenants from excessive housing price changes. Such legislation must be carefully crafted to ensure that rent controls do not result in disinvestment in existing housing or a reduction in new housing production. 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 the housing stock, we propose the following:

1. Set the rate of allowed increase to three percent plus the rate of inflation. 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 that all renters are protected and transit-oriented development is not disincentivized.
3. Exempt new buildings for 15 years. Properties need to produce the highest rate of return for the first 10-17 years in order to pay off construction loans. Without an adequate exemption period, new construction is unlikely.
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.

5. Exempt already rent regulated units 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 lost lower-priced units.

Thank you for your consideration.