

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 fraught¹, 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

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 York⁵, San Francisco⁶, Boston⁷, and Takoma Park⁸ 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.

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/>.