

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.