

STATEMENT in OPPOSITION of ANTI-RENT GOUGING – BILL 15-23

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

Our Revolution Montgomery County, an affiliate chapter of Our Revolution Maryland, is submitting this testimonial statement in opposition to the “Anti-Rent Gouging Bill 15-23.” Instead, we strongly support passage of the Housing Opportunity, Mobility, and Equity Act, known by its acronym as the HOME Act. We have submitted testimony in favor of Bill 16-23, but we want to explain separately our reasons for opposing Bill 15-23.

As noted in our statement in favor of Bill 16-23, 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 see Bill 16-23 as the embodiment of our efforts over the years. Unfortunately, we see Bill 15-23 as severely undercutting those efforts to realize meaningful rent stabilization for renters across the County. Without addressing the motivations of sponsors of Bill 15-23, which was, by no means coincidentally introduced the same day as 16-23, we can clearly state the relative merits of the two bills. Bill 16-23, aligns the County with similar legislation in neighboring jurisdictions, namely the District of Columbia and now also Prince George’s County. This is an important symmetry because it means our residents won’t be put to the choice of having to leave Montgomery County to get real security in terms of rental pricing.

For our County’s rental inhabitants, the provisions of 16-23 offer real relief from the spate of double-digit rental increases occurring during the housing pricing crisis that was driven by high demand, in a time of pandemic movement towards suburbs, which not coincidentally came as inflation was spiking across the country. However, notably, those rent price increases far exceeded the rate of inflation, which peaked at just over 8%. Given that, it seems the increases were driven by extremes of price-gouging, rather than rising costs.

Rent Stabilization Bill 16-23 addresses rental price-gouging by capping rent increases at the lesser of 3% or CPI. The 3% number is actually higher than County suggested guideline. If inflation levels return to a lower level, the legislation would align maximum allowable increases with the inflation rate. Landlords who face greater increased costs could file a “fair return petition” to get an exception from the cap.

By contrast, the so-called “Anti-Rent Gouging” Bill 15-23, creates a maximum rental increase of 8% above CPI. That number is wholly divorced from costs and does next to nothing to protect renters from excessive price gouging in rents. It prevents only the most extreme price-gouging and seems calculated to get the least possible resistance from property owning landlords. In other words, it mainly secures the landlords’ ability to price gouge, far in excess of the County’s guidelines, far in excess of inflation, and even far in excess of a combination of the two.

Bill 15-23 does not address the problem of rent gouging by offering some security and price stability for renters. Instead, the bill seems aimed at the problem of renters demanding legislation to help them. It would send a signal to landlords that the Council is satisfied with allowing them to hike rents, with increases potentially multiple times above the inflation level. It signals to renters that they will get this much and no more. Most significantly, it would signal that a majority of the Council is openly hostile to the interests of renters and the idea of enacting truly meaningful rent stabilization legislation.

The two bills are also different in other ways, perhaps most significantly in the length of exemptions offered from stabilization allowances for newer construction. Though there is no evidence that rent stabilization limits investment in new construction, Bill 16-23 nods to concerns about such investment by providing a 10-year exemption, a period twice as long as the exemption in the new legislation enacted in Prince George’s County. That would seem to be enough to incline developers to invest in Montgomery County rather than our neighbor county to the east. Bill 15-23 goes well beyond that, allowing for unrestricted rent gouging for 15 years after new buildings are opened to renters.

Perhaps there are additional compromises possible to modify Rent Stabilization Bill 16-23 to gain a consensus among the Councilmembers, but that bill must be the starting point for consideration. Bill 15-23 is an insult to renters appealing for help from the County government and could set back the effort for a generation. Rental prices are becoming unaffordable for so many County residents. If they’re allowed to continue to increase largely unconstrained by law, the opportunity will be forever lost to preserve affordable rental housing in this County.

One-third of units in Montgomery County are renter-occupied. If Bill 15-23 is passed, those who manage to remain in the County will surely remember it during subsequent elections. Even new tenants, facing astronomically high prices and lacking real protections, will want better from their representatives. Passage of Bill 15-23, rather than Bill 16-23. would be a mistake of historic proportions, in terms of policy and politics..

One could hope that 15-23 is just a first stab at rent control, but the timing seems calculated to be the final word. The County Executive has promised a veto because he understands that passage of the bill may be worse than the status quo, as it will effectively block any more effective rent stabilization measure. We concur, and urge the Councilmembers to **reject Bill 15-23**.

*Kat Uy and Ed Fischman (Chairs of **Our Revolution Montgomery County**)*