

Saul Centers, Inc.

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March 28, 2023

Montgomery County Council
100 Maryland Avenue, 5th Floor
Rockville, Maryland 20850

Re: Expedited Bill 15-23, Landlord-Tenant Relations – Anti-Gouging Protections

Dear Council President Glass and Members of the County Council:

As a local owner and developer of commercial real estate, we recognize the challenges facing Montgomery County relative to the availability of affordable housing. Today, inflation is causing significant cost escalations and rising interest rates resulting in challenging times to deliver affordable housing.

With the economic challenges we currently face, we do not believe creating additional legislative burdens will help the situation and in fact may have the opposite effect by reducing investment capital and future housing supply. We believe sound strategies to deliver affordable housing include expanding governmental programs such as rental assistance to those in need and capital contributions to facilitate low-income ownership as well as public funds to acquire or construct new housing stock. Increasing housing supply with various kinds of governmental assistance is key to increasing the supply of houses and encourage a stable affordable market.

In addition, we do not believe in taking advantage of vulnerable members of our community and support anti-gouging guidelines that protect residents from those who exploit them. But any legislation must be well thought-out so it does not have a detrimental impact on the development of new projects. Any artificially low cap on rent escalations will dampen investments and reduce housing supply.

Developers spend countless years acquiring property, designing buildings, obtaining governmental approvals, and constructing the new building, taking upwards of 8 to 10-year periods from beginning to end. At this time we are constructing 812 residential units of which 123 units are affordable units. In addition, as part of the approval process, we commit to delivering major public improvements and community benefits. These major expenditures are borne by the developer and take many years to recoup the investment. No one knows the events of the future and new projects coming on-line must have time to adjust to any unforeseen economic event without being restricted from recovering losses incurred in the early years.

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The expansion of all housing is critical to the Montgomery County's long term growth and success. We believe expanding the governmental programs to purchase existing residential apartments and building new housing stock will have a positive long last impact on the housing supply and improve affordable housing in the County.

We look forward to working with the County to face this challenge going forward.

Saul Centers, Inc.

By: 

John F. Collich

Senior Vice President and Chief Development Officer