

Testimony for Bill 16-23, The HOME Act

Submitted by Brandy H. M. Brooks, Kensington, MD

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

My name is Brandy Brooks, and I am a racial and environmental justice organizer living in Kensington. I am here to testify strongly in favor of Bill 16-23, the HOME Act.

I rent my home in Kensington. My mother, Carol, whom almost all of you have met, also rents her home in Aspen Hill; both of us are in Councilmember Fani-Gonzalez's district. My mother has given me permission to share with you some of the details of her experience as a renter here in Montgomery County.

My mother is a senior and has a disability. This means that, though she enjoys the work that she has done as a technical trainer for decades, she currently lives on her Social Security income of \$2,300/month. My mother's rent on her 1-bedroom unit is \$1,400/month. **This represents 61% of my mother's monthly income. Including the cost of utilities for my mother's home, her total monthly housing cost is 68% of her income.**

After my mother pays for other essential recurring expenses like her health insurance and car insurance, she is left with a little over \$100 with which to buy groceries, pay for prescriptions, buy gas, or do anything else. Nonetheless, my mother has been told by Montgomery County's Department of Health and Human Services that her income is too high to meet the guidelines for heating assistance or other support programs. We work together as a family to make sure my mother's basic expenses - which average about \$700 beyond her base income - are covered every month.

Despite all this, my mother is actually fortunate. Her monthly social security payment is \$500 *above* the average monthly payment of \$1,830 for a retired worker in the US; more than \$600 above the average payment for a non-disabled spouse receiving Social Security survivor benefits. She also lives in what people sometimes call "naturally occurring affordable housing" - her rent is more than \$200 *below* the "fair market" rent of \$1,640 for a 1-bedroom apartment in the DC metro area.

Interestingly enough, my mother's monthly income is only about \$100 below that of a full-time worker earning Montgomery County's minimum wage of \$15/hour. That worker would earn about \$31,000 per year. For reference, as Councilmembers deciding what qualifies as an affordable rental increase, your salaries are five times that worker's wage. And contrary to assumptions voiced by previous Councilmembers during the debate on the minimum wage in 2017, the people earning that wage aren't only teenagers working after-school jobs; they are single people, partners, and parents trying to make ends meet every month, just like my mom.

I remind you all of these numbers so that today's conversation is based on facts, not fantasy. The 3% maximum annual rent increase allowed by the HOME Act would raise my mother's housing cost burden. In contrast, the 8% plus CPI cap set in Bill 15-23, which legitimizes the rent gouging already being faced by many renters in our county, would allow her rent to go up by over \$200 a year at the current rate of inflation. Make no mistake: this would force my mother out of her home, and possibly out of Montgomery County altogether.

Let's look more closely at what these rent increases mean over time when compared with renter income. The Social Security COLA at the end of 2022 was 8.7%. However, for the past 30 years, COLAs have rarely exceeded 4%.¹ Also, for the last 20 years, the raw average of net compensation for US workers has not increased more than 5% in any year except 2021.² This is a very inaccurate measure for what workers actually experience as far as annual increases to their salary, but it still provides some basis for comparison between income increases and rent increases. The tables below illustrate how the maximum allowable rent increases in Bills 15-23 and 16-23 work out for two different types of renter households.

Single retired worker on Social Security in a 1-bedroom apartment in 20906

Bill 16-23	<i>Monthly income</i>	<i>Monthly rent</i>	<i>Rental cost burden</i> ³	<i>Annual COLA</i> ⁴	<i>Annual max rent increase</i> ⁵
<i>Year 1</i>	\$2,300 ⁶	\$1,400 ⁷	60.9%	\$92	\$42
<i>Year 2</i>	\$2,392	\$1,442	60.3%	\$96	\$43
<i>Year 3</i>	\$2,488	\$1,485	59.7%	\$100	\$45
<i>Year 4</i>	\$2,587	\$1,530	59.1%	\$103	\$46
<i>Year 5</i>	\$2,691	\$1,576	58.6%	\$108	\$47

¹ <https://www.ssa.gov/oact/cola/colaseries.html>

² <https://www.ssa.gov/oact/cola/central.html>

³ This is only the *rental* cost burden for this person; the total housing cost burden would include utilities and any other housing costs they are charged. The standard for affordability is that the total *housing* cost burden should not exceed 30% of monthly income.

⁴ In this example, the annual COLA is set at the maximum of 4%. However, in most years the Social Security annual adjustment is less than this amount; see <https://www.ssa.gov/oact/cola/colaseries.html>

⁵ For simplification, this table assumes an annual rent increase cap of 3% every year. However, in some years the allowable rent increase may be less than this amount; Bill 16-23 limits the increase to 3% or the rental component of CPI as of March 1 of the year, *whichever is lower*.

⁶ As noted earlier in my testimony, this amount is significantly higher than the average Social Security monthly payment for retired workers in the US as of February 2023; see https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/

⁷ As a reminder, this is a below-market rent for this zip code; see https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn for comparison. 20906 is a fairly representative zip code within Montgomery County.

Bill 15-23	<i>Monthly income</i>	<i>Monthly rent</i>	<i>Rental cost burden</i>	<i>Annual COLA</i>	<i>Annual max rent increase⁸</i>
<i>Year 1</i>	\$2,300	\$1,400	60.9%	\$92	\$144
<i>Year 2</i>	\$2,392	\$1,544	64.6%	\$96	\$159
<i>Year 3</i>	\$2,488	\$1,703	68.5%	\$100	\$175
<i>Year 4</i>	\$2,587	\$1,879	72.6%	\$103	\$194
<i>Year 5</i>	\$2,691	\$2,072	77.0%	\$108	\$213

For a senior living on a fixed income who receives a 4% COLA every year, Bill 16-23 reduces their rental cost burden over time. However, Bill 15-23 is likely to produce a significant annual increase in their housing cost burden. This becomes even more important when we remember that most annual Social Security COLAs are well below 4%.

Now, let's look at a household earning 70% of area median income for Montgomery County (\$82,142 based on American Community Survey data from 2017-2021⁹) living in a 2-bedroom – for instance, two parents each working full-time jobs earning \$19.75/hour¹⁰, with their child.

Household earning 70% of AMI in a 2-bedroom in 20906

Bill 16-23	<i>Monthly income</i>	<i>Monthly rent</i>	<i>Rental cost burden</i>	<i>Average annual wage increase¹¹</i>	<i>Annual max rent increase</i>
<i>Year 1</i>	\$6,845	\$1,870 ¹²	27.3%	\$342	\$56
<i>Year 2</i>	\$7,187	\$1,926	26.8%	\$359	\$58
<i>Year 3</i>	\$7,547	\$1,984	26.3%	\$377	\$60
<i>Year 4</i>	\$7,924	\$2,043	25.8%	\$396	\$61
<i>Year 5</i>	\$8,320	\$2,105	25.3%	\$416	\$63

⁸ At the CPI for February 2023, Bill 15-23's rental increase cap is %14. These examples use an annual CPI increase of 2.3%, based on the average of CPI increases measured in March of the past 10 years (https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm). Using that average, the annual rent increase cap under Bill 15-23 would be 10.3%.

⁹ <https://www.census.gov/quickfacts/montgomerycountymaryland>

¹⁰ While this is above Montgomery County's minimum wage, MIT's Living Wage calculator (<https://livingwage.mit.edu/counties/24031>) indicates that a true living wage for these parents would be \$23.70 for each person, or about \$98,562 in annual household income.

¹¹ This example assumes that all wage earners in the household receive a 5% annual raise every year.

¹² See https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn; this is the fair market rent for a 2-bedroom in 20906.

Bill 15-23	<i>Monthly income</i>	<i>Monthly rent</i>	<i>Rental cost burden</i>	<i>Average annual wage increase</i>	<i>Annual max rent increase</i>
<i>Year 1</i>	\$6,845	\$1,870	27.3%	\$342	\$193
<i>Year 2</i>	\$7,187	\$2,063	28.7%	\$359	\$212
<i>Year 3</i>	\$7,547	\$2,275	30.1%	\$377	\$234
<i>Year 4</i>	\$7,924	\$2,509	31.7%	\$396	\$258
<i>Year 5</i>	\$8,320	\$2,768	33.3%	\$416	\$285

For a family of 3 living in a 2-bedroom, with two working parents making significantly more than minimum wage and receiving a 5% raise annually, Bill 16-23 keeps their rent affordable. Bill 15-23 makes it likely that they will become a cost-burdened household – especially since, in reality, most workers do not receive 5% raises every year.

It should not be assumed that landlord restraint will keep renters safe from maximum increases under Bill 15-23. There are ample examples of landlords illegally issuing rent increases above the emergency stabilization limits during the pandemic, preying on vulnerable tenants who did not know their rights. Since the emergency stabilization legislation expired, rent increases of 10%, 25%, and more are being reported to community advocates from tenants across a wide range of incomes. The culture of maximizing profits at the expense of residents' housing security is well-established in our county.

The HOME Act makes a reasonable compromise between the interests of vulnerable renters and those of property owners facing increased expenses year over year.¹³ It also covers almost all of Montgomery County's renters; again in contrast, Bill 15-23 wouldn't protect my mother, because she rents in a condominium complex instead of an apartment building. The Racial Equity and Social Justice statements for both bills from the Office of Legislative Oversight make it clear that Bill 16-23 is vastly superior in terms of the protections and support it offers to renters facing increasing difficulties in securing safe and affordable housing. It would be laughable to talk about Bill 15-23 as an alternative to the HOME Act – except that the consequences are deadly serious for thousands of our neighbors.

Because these rent increases are not numbers in some accountant's spreadsheet. They are people's lives. They are the difference between medical care or not; between heat or not; between food or not. Each of you has repeatedly said that you are committed to racial equity and social justice. So listen to those you say you are trying to help, and pass Bill 16-23, the HOME Act.

¹³ County Executive Marc Elrich provided a valuable illustration of how much unit owners' costs actually increase based on inflation in his remarks during a March 13, 2023 community forum on rent stabilization. See recording at <https://www.youtube.com/watch?v=W6lZfAvwrag>, at approximately 48:20.