



Expedited Bill 22-22

Jurisdiction: Montgomery County Council

Date: July 26, 2022

Position: **Oppose**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members house more than 530,000 residents of the State of Maryland.

I. Summary

Expedited Bill 22-22 would prohibit housing providers from providing notice of a rent increase greater than 4.4% during a 6-month period. Since landlords in the County must give 90-days advance notice of a rent increase, rent increases of more than 4.4% would be precluded for 9 months after the bill's effective date.

As inflationary costs for housing providers have risen, Montgomery County has continued to subject housing providers to an onerous rent control policy. Despite pledges to allow rent control to expire on May 15, 2022 with a 90 day notice period to August 15, 2022, a limited number of proponents are now seeking to undermine those pledges and enact rent control for another nine months. To be clear, Expedited Bill 22-22 subjects housing providers to continued rent control without any means testing, financial qualification, or proof that a resident has experienced a financial hardship.

II. Bill Impact

Over the past two years, Montgomery County's housing providers have experienced increased maintenance requirements and untenable inflationary pressures that are required to maintain an apartment community. As those inflationary pressures have increased the cost of materials and services, Montgomery County has chosen to place additional pressure on housing providers through its continued implementation of an onerous rent control policy.

A few examples of increased costs that have occurred recently include WSSC's implementation of a 6.5% rate increase for fiscal year 2023, the Public Service Commission's authorization of a \$52 million revenue increase and corresponding rate increase until March 2024 for PEPCO, and new Building Energy Performance Standards (BEPS) that will require largescale retrofits and expensive capital improvements to meet compliance. In addition to these increased short-term and long-term costs, housing providers have been confronted with price increases of more than 9% for maintenance and upkeep in addition to increased costs for labor.

Short-term rent control creates damaging and long-lasting impacts on the local economy. The continued imposition of a rent control policy will strain the financial reserves of housing providers and create unsustainable fiscal scenarios. Moreover, such a continuation will encourage divestment from Montgomery County's current rental housing stock and ultimately disincentivize future investment and development of rental housing within Montgomery County.



III. Current Data

Every other county in Maryland has ended their COVID connected rent control policy. Montgomery County is the last county in Maryland with a COVID rent control policy. Based on data from the District Court of Maryland, it is clear that rent court filings and evictions have remained historically low in the counties that ended their rent control policies 90 days after the end of the state of emergency.

Maryland’s state of emergency stemming from the COVID pandemic ended on August 15, 2021, and 90 days later emergency rent control policies ended in Baltimore City and Baltimore, Howard, and Prince George’s counties. Based on an analysis of the District Court’s eviction data, every county that ended its rent control policy continued to experience an historic decline in rent court filings and evictions compared to pre-pandemic. The chart below denotes the continuation of historic declines in evictions (pre-pandemic vs current) in counties that ended their rent control policy 90 days after the end of Maryland’s state of emergency.

Jurisdiction with Rent Control	Historic Decline in Evictions ¹
Baltimore City	69.4% Decline
Baltimore County	68.7% Decline
Howard County	53.9% Decline
Prince George’s County	72.2% Decline

The chart below shows continued historic declines in rent court filings (pre-pandemic vs current) in counties that ended their rent control policy 90 days after the end of Maryland’s state of emergency.

Jurisdiction with Rent Control	Historic Decline in Rent Court Filings ²
Baltimore City	67.6% Decline
Baltimore County	61.2% Decline
Howard County	72% Decline
Prince George’s County	69.4% Decline

An analysis of the District Court’s data is exceedingly clear - rent court filings and evictions have remained low in counties that ended their rent control policies. As such, evictions and rent court filings are expected to remain low after Montgomery County ends its rent control policy.

IV. Rent Control’s Impact

Expedited Bill 22-22 is once again described as a short-term measure, but housing providers and investors are increasingly worried that a similar policy will become permanent, and we have seen the

¹ Percentages were obtained by comparing eviction totals from the three months after rent control policies expired (December 2021 – February 2022) to totals from the same pre-pandemic timeframe (December 2019 - February 2021).

² Percentages were obtained by comparing filing totals from the three months after rent control policies expired (December 2021 – February 2022) to totals from the same pre-pandemic timeframe (December 2019 - February 2021).



disastrous impact of rent control in Montgomery County. Montgomery County attempted rent control twice, once from 1973-1977 and again from 1979 -1981. According to a report from Towson University on Montgomery County’s policies, “During this period, sales prices for apartment buildings fell substantially, and essentially no new units were constructed or planned for development, despite very low vacancy rates.”³

In spite of the policy’s negative impacts on the County at large, Takoma Park chose to implement its own rent control policy. The Towson University study notes that, “Following the expiration of Montgomery County rent control in 1981, [Montgomery] County property values increased substantially, while Takoma Park values remained stagnant.”

Further, when Montgomery County’s Office of Legislative Oversight (OLO) reviewed a separate rent control policy that was considered by the county, OLO noted,

“Within the field of economics there is broad agreement that rent control and stabilization laws produce negative economic consequences. Housing analyst Lisa Sturtevant succinctly summarized the consensus in the field: ‘Economists nearly universally agree that rent ceilings reduce the quantity and quality of housing and that even more moderate forms of rent stabilization have efficiency challenges and negative housing market impacts.’”⁴

V. Conclusion

Short-term rent control creates damaging and long-lasting impacts on the local economy. Every other county in Maryland that implemented a form of rent control due to the COVID pandemic has allowed the policy to expire, and every one of those counties has continued to experience a historic decline in evictions according to data published by the District Court of Maryland. Expedited Bill 22-22 will subject housing providers to untenable inflationary exposure, encourage disinvestment from Montgomery County’s rental housing industry, result in unintended, negative consequences for Montgomery County’s economy. For these reasons, MMHA respectfully requests an **unfavorable** report on Expedited Bill 22-22.

³ Regional Economic Studies Institute of Towson University, *Economic and Fiscal Impacts of Rent Control Legislation in Montgomery County, Maryland* (June 19, 2015).

⁴ Montgomery County Office of Legislative Oversight, *Economic Impact Statement, Bill 52-20*, (2020).