



# MONTGOMERY HOUSING ALLIANCE

[www.montgomeryhousingalliance.org](http://www.montgomeryhousingalliance.org)

*A coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County*

Action in Montgomery  
Affordable Housing Conference of  
Montgomery County  
AHC, Inc.  
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Habitat for Humanity  
Metro Maryland  
Housing Initiative Partnership  
Housing Opportunities Commission of  
Montgomery County  
Housing Unlimited  
Interfaith Works  
Jewish Community Relations  
Council of Greater Washington  
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Latino Economic Development  
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MHP  
Montgomery County Coalition  
for the Homeless  
Rebuilding Together  
Montgomery County  
Victory Housing

July 25, 2022

Hon. Gabe Albornoz, President  
Montgomery County Council

Re: Bill 22-22 – Limitations on Rent Increases

Dear Council President Albornoz and Members of the Council,

As you consider action to address the issue of severe rent increases and potential displacement in Montgomery County, Montgomery Housing Alliance (MHA) strongly urges you to develop and implement a long-term sustainable policy that both protects tenants and supports landlords, especially mission-minded non-profit affordable housing providers.

Sudden extreme rent increases that amount to rent gouging are destabilizing for many renter households. Currently, 20,000 households in Montgomery County are severely cost burdened, spending over half their incomes on housing costs. Every day these families are making impossible choices between paying for housing and paying for other critical priorities like education, health care, and reliable transportation. As households have faced COVID-related reductions in income, it has become even more challenging for them to cover housing costs. For the past two years, tenants have been protected from major rent increases as a result of the COVID-19 Renter Relief Act. This was an important and necessary measure to address the economic shocks of the pandemic on renters, especially those disproportionately affected, such as low-income households and communities of color. We recognize that many of these households are still struggling with the effects of the COVID-19 crisis and are now seeing untenable rent increases that will deepen their cost burden, or worse, result in displacement. We strongly feel that a long-term solution is the best course forward to address this issue. As we move through the third year of the pandemic, short-term emergency measures only postpone, and may even exacerbate, the inevitable: severe rent increases to compensate for income losses landlords have faced over the past several years.

As affordable housing providers and advocates, we want to ensure that all county residents are protected from displacement and have the ability to thrive. We also recognize the challenges facing landlords, who have seen major decreases in rental income as a result of the pandemic and caps on rent



*The Montgomery Housing Alliance is a committee of the Community Development Network of Maryland*

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increases. Non-profit affordable housing providers, in particular, continue to see up to 25% of tenants delinquent on rent (constituting up to 16% of the providers' monthly revenue). This coincides with severe spikes in capital and operating costs, such as construction, labor, and insurance. Taken together, increased costs and rental income loss jeopardize the ability to meet operating expenses and threaten the stability of properties.

MHA urges the Council to explore a policy of anti-rent gouging, paired with targeted subsidies to support low-income households. The NYU Furman Center recently published a report with recommendations for this model (enclosed). Such a policy would restrict landlords from imposing exorbitant increases, while allowing them to adjust rents within a reasonable margin in order to ensure enough rental income to remain fiscally solvent and properly manage and maintain properties. California and Oregon have recently pursued this model, limiting rent increases to 5 and 7 percentage points above the consumer price index, respectively.

Pairing an anti-rent gouging policy with shallow subsidies targeted at low-income households would help those most at risk of severe cost burden and displacement to absorb rent increases. The purpose of this form of rental subsidy is distinct from current COVID-related emergency rent relief. Federally funded emergency rental assistance has helped tenants and landlords maintain some stability during the pandemic but is a temporary stopgap and is targeted at tenants with (often significant) delinquency. Many of these tenants experienced job loss due to the pandemic and are still struggling to find adequate employment. For these households, the County must provide ongoing COVID-related emergency rent relief. For tenants who have employment but do not earn enough to shoulder major rent increases in a time of inflation, establishing anti-rent gouging measures augmented by targeted rental subsidies is critical, and will help prevent these households from accruing delinquency.

We recognize the need for the County to protect tenants from unexpected and untenable spikes in their monthly housing costs. The most effective and conscientious way to address this issue is to develop a long-term policy that balances the needs of renters, especially those with the lowest incomes, and property owners, especially small landlords and mission-minded affordable housing providers. We strongly encourage you to explore a policy of anti-rent gouging, paired with narrow, targeted rental subsidies; we are more than willing to work together with the Council and the Administration to determine the optimal model for long-term rental policy in Montgomery County. Thank you for your time and attention.

Sincerely,

Montgomery Housing Alliance