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Howard County Association of REALTORS® - Testimony

To: Council Chair Rigby and Honorable Members of the County Council

Date: December 4, 2023

RE: Council Bill 44-2023

Good Evening Chairperson Rigby and Members of the Howard County Council,

On behalf of HCAR, an organization of over 2,100 real estate professionals, we believe that all Howard County workers and families should have the option to live near their jobs and near “good” schools, parks, and amenities. With that in mind, we express our opposition to Council Bill 44-2023(CB44).

HCAR defines rent control as “locking in rental rates at a specific amount” and rent stabilization as “allowing for increases of a fixed amount set by local or state government.” Furthermore, according to a [2018 study by the National Multifamily Housing Council on the impacts of rent control](#), author Dr. Lisa Sturtevant provides the supporting definitions, being that “Rent control often refers to laws that set caps on rents, while rent stabilization generally refers to policies that regulate how often and how fast rent levels can increase.” Rent control and rent stabilization policies have been attempted in numerous communities to no avail. Additionally, there are consistent themes this study identifies such as rent control and rent stabilization policies being a root cause of continued limitations of available rental housing supply, unintendedly resulting in higher rents in the uncontrolled market, the encouragement of less desirable qualities of life when it causes renters to live in units that do not meet the needs of the resident, and long-term negative economic impacts for the community as a whole.

Rents serve two functions essential to the efficient operation of housing markets. They: (1) compensate providers of existing housing units and developers of new units for the cost of providing shelter to residents; and (2) provide the economic incentives needed to attract new investment in rental housing, as well as to maintain existing housing stock. In this respect, housing is no different from other commodities, such as food and clothing - the amount producers supply is directly related to the prevailing market price. That said, HCAR fully recognizes the need for affordable rental housing in Howard County.

Council Bill 44 provides many intriguing provision changes, yet these changes do not address the root challenges that have led to the current status of the contemporary housing crisis. We would want to ensure that no stone is left unturned and would like to ask the Council how we know if this is going to be effective. Do you know how many units will be impacted by the passage of this bill?



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According to the Regional Economic Consulting Group's 2023 Economic Impact Analysis of Rent Control in the state of Maryland, they identify that "vacancy influences rent, and rent influences construction. Rent control breaks that relationship where vacancy cannot influence rent, and rent is unable to influence construction. The result is a drop in supply, tighter vacancy rates as populations grow, and no mechanism to alleviate pressure on open market prices."

While it's not uncommon to hear advocates mention protection from excessive rent increases, reduced tenant displacement, and reduced vacancies when praising this type of rent regulation, market analysts universally criticize any form of rent regulation, noting both negative economic effects on regulated housing markets and detrimental social effects in rent-regulated communities. Economists argue that rent regulation discourages new construction, encourages eviction without just cause, increases rent for unprotected tenants, and creates other challenges for both landlords and tenants. In a survey of [American Economic Association](#) economists, 93 percent agreed that a rent ceiling *reduces* the quality and quantity of available housing.

Last year our Association provided a statement to you, and we continue to stand by it. It shared that many of our members have experience working with landlords and tenants in Takoma Park, which was one of the first jurisdictions in Maryland with rent stabilization. They have generally found that rent regulation does not help the renter ever transition to homeownership because the renter does not have a realistic understanding of the market – especially a person living in a rent-stabilized unit for a long period of time, and therefore living well below the cost of living for the area. This type of regulation creates serial renters.

Rent control does not differentiate between high-income renters and low-income renters. As a result, high-income earners can and do, occupy rent-controlled apartments while crowding out lower-income residents in greater need. Rent control makes the housing shortage worse by discouraging builders from supplying new housing. This causes rents to remain high while making it harder at the same time for residents to find a suitable apartment by forcing renters into fierce competition for a shrinking supply of apartments. Although well-intentioned, it does nothing to address the housing affordability crisis.

Last year, of all the counties in the DMV area, Howard County was dead last in housing production. No county in the DMV-area issued fewer new housing permits per resident than Howard County. Over the past decade (from 2013 to 2022), Howard County permitted less than half the number of housing units as it did in the 1980s, even though the County's population has basically doubled since the '80s. For reference, between 1981 – 1990 there were 30,248 New Housing Permits with a population of 179,648 people in 1989. Between 2013 and 2022 there were 14,872 new housing permits with a population of 335,411 in 2022.



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We need solutions that will provide more for our Howard County families. HCAR shares in the sentiments of Secretary Jake Day of the Maryland Department of Housing and Community Development, when he recently stated, [“rent control measures might not support the rise of such expenses as real estate taxes and insurance costs — two market realities that could dissuade developers from taking on meaningful projects and make affordable housing even more scant in Maryland.”](#)

We would appreciate the opportunity to work with the Council to discuss proven ways to meet the needs of Howard County residents without detrimentally damaging the rental market. These strategies may include: addressing the tremendous shortage of homes and removing barriers to adding more supply; building creative public-private partnership opportunities to bring the price point down to create more affordable housing like adaptive reuse, and identifying targeted subsidies to help the families that are in the most need.

HCAR is also happy to provide more information and research related to the negative implications of rental regulation and effective alternatives.

HCAR respectfully urges that the Council either oppose CB 44 or carefully study the unintended consequences of implementing a rent control policy such as this in Howard County.