



OUR MISSION:

Working to enhance the economic prosperity of greater Silver Spring through robust promotion of our member businesses and unrelenting advocacy on their behalf.

July 13, 2023

The Honorable Evan Glass
and Members of the Montgomery County Council
100 Maryland Avenue, Sixth Floor
Rockville, Maryland 20850

Dear Council President Glass and Members of the Council:

On behalf of the Greater Silver Spring Chamber of Commerce, representing more than 300 employers, mostly small businesses, and several non-profit organizations in greater Silver Spring and surrounding areas in Montgomery County, we are submitting these comments strong opposition to the concept of rent control and, specifically, to the legislation presently moving through the Council legislative process.

We believe that implementing rent control in Montgomery County will exacerbate the housing shortage, increase the cost of rental housing, and decrease the quality of existing housing stock.

We already have a housing supply problem in Montgomery County – both for owner-occupied and rental options. The issue is how we address the problem. We need to work on building more attainable housing before we drive businesses interested in building a workforce here, and developers interested in providing housing, away from the County. Both of these bills threaten housing affordability and deeply impair Montgomery County's role as an economic engine in the region.

Rent control is not the answer. While providing a short-term financial solution to present renters, it places needless artificial constraints on the housing market and serves as a disincentive to investment in housing and worker mobility, thereby negatively affecting the economy. Legislation also restricts increases to market rent when a unit is vacated, even if the tenant initiates the vacancy, therefore discouraging investors. These effects impair Montgomery County's role as an economic engine in the region and feeds into the long held negative perception of the county as a place that is challenging for sustained economic investment.

Rent control creates economic stagnation. Property owners hesitate to update their buildings and apartment units since they are artificially impeded in securing an economic return on their investment. Tenants become geographically frozen in place since their artificially low housing cost is a disincentive to moving to attain better employment, live in a more attractive neighborhood, or buy that first home. Investment and mobility drive our economy.

Our understanding is that the bill presently being considered would limit rent increases to the Consumer Price Index Inflation rate plus three percentage points and with a cap of six percentage points in total. Our analysis of the various rent control proposals offered this year shows that, while we oppose rent control measures in general, the higher the cap, the less of an artificial disincentive the cap would have on economic growth. We note that the average rent increase over the last 10 years in the County has only been 2.1%, so with a cap set higher than this it is less likely legislation would have a practical effect on the market. That is even more reason not to adopt such a proposal where negative perceptions caused by the legislation will do more harm than any good envisioned by the bill's proponents.

We are aware that property owners who rent gouge exist. The County should solve that problem and not instead create new burdens and restrictions on the vast majority of owners who are complying with valuating guidelines today. However, as noted multiple times, the average rent increase over the last 10 years in Montgomery County

has been 2.1%. The burdens of rent control are particularly significant for those owners who only own a single property. Frustration with the bureaucracy and fear of inadvertent non-compliance will cause many of those owners to sell, resulting in property being taken from the rental pool.

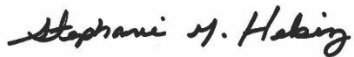
Lastly, when combined with the recordation tax, and 4.7% property tax, rent control legislation, signifies that Montgomery County does not invite investment or economic development, and you are making it impossible for the next generation of business leaders to afford to make roots in Montgomery County.

The Greater Silver Spring Chamber of Commerce would like to urge the Council to consider the message that legislation like this sends to those interested in investing in our region. Our community would benefit from proposals that instead clearly invite those who might be interested in investing in locating or growing their businesses here.

In conclusion, both the County and many private entities have made enormous investments in Silver Spring. We believe that the requests we offer in this letter in opposition to proposed rent control will serve to protect those investments and help to assure a safe, secure, and vibrant future for Silver Spring.

Should you have questions, don't hesitate to contact us.

Sincerely,



Stephanie Helsing
President & CEO