



March 26, 2024

RE: Opposition to House Bill 7049

To the Esteemed Members of the House Judiciary Committee,

As your constituent, and a member of the Institute of Real Estate Management (IREM) an institute for property and asset managers, providing complete knowledge to take on real estate management's most dynamic challenges, I urge you to oppose House Bill 7049.

The reasons for opposition are as follows:

Rent Control (Bill 7049)

The primary reason rent control doesn't work is that artificially depressed rents discourage private investors from constructing new rental units or investing in and improving their existing properties. It also encourages owners to convert buildings from residential to non-residential use. Without profitability as an incentive, investment capital is directed to other markets and maintenance on existing properties is deferred.

Rent control is destructive and counterproductive in many ways, is very complicated to administer and would have many unintended consequences. Arguments against rent control include the following economic and social factors:

- Reduces the quantity of available housing – Most economists assert that setting a price ceiling on housing reduces the housing supply in a market. With maximum prices set, there is less incentive in repairing and renting spaces in homes or to build new rental property.
- Reduces the quality of available housing – Because rent control reduces the return on rental housing investments, it can lead to a decline in the existing rental quality as property managers faced with decreasing revenues may be forced to reduce the amount they invest in maintaining and repairing existing property.
- Reduces New Construction – By forcing rents below the market price, rent control reduces the profitability of rental housing, directing investment capital out of the rental market and into other more profitable markets. Construction declines and existing rental housing is converted to other uses.

For these reasons, it is requested that you oppose this bill. Thank you for your consideration.

Sincerely

A handwritten signature in black ink, appearing to read "Jason R. Palermo".

Jason R. Palermo
Vice President of Property Management
Ferland Corporation