

To the members of the House Municipal Government and Housing Committee,

I am a housing provider with a residential property in Providence, and have been active in real estate in Rhode Island as a housing provider, real estate agent, and property renovator since the early 2000s. I am also a registered voter and generally align with the position of the RI Coalition of Housing Providers on housing issues.

I believe that rent control is a well-intentioned but fundamentally misguided effort to address the increase in rents that has resulted from a supply-demand imbalance in Providence and elsewhere in our State.

Like other forms of government price controls, economists nearly universally agree that rent control tends to have the exact opposite of its intended effect. It disincentivizes creation of new rental units, which is the only long-term solution that addresses the supply-demand imbalance, and also discourages owners from functionally improving our aging housing stock by limiting the economic recovery owners can realize from investing in improving housing units. Fewer units will be built and existing units will deteriorate because developers and owners will be prevented from being compensated for investing in new and upgraded units.

Further, it has been shown in parts of the country where rent control exists, it is only to the benefit of existing occupants of the housing stock, who have an incentive to remain in their units long past the time they might have departed, and actually increases housing costs to new tenants who have greater difficulty finding available units and must bear the higher cost to essentially subsidize the existing rent-controlled units. All in an environment of little-to-no new supply being delivered due to the removal of profit incentive to potential builders of new housing units.

Efforts at lowering rent should be addressed at the root of the problem, the lack of supply to meet the amount of household demand, and should focus on creating new supply rather than artificially constraining the existing supply which discourages new supply and creates a class of winners (current tenants) and losers (future tenants who might want to move to the area but find there are fewer available rental units because no current tenant wants to give up a rent-controlled unit).

Other elements of proposed Bill 7891, such as limiting and restricting condominium conversions, demolitions and substantial renovations, are similarly misguided. By making such housing projects more difficult or worse, requiring owners and developers to seek new kinds of permission from the City, it impedes the ability of owners and developers from dynamically responding to needs in the housing market. I oppose the “just cause eviction” provisions of the Bill for the same reason, as it prevents owners from being able to renovate and upgrade units as needed, sell

their properties to prospective owner-occupants who usually demand at least one unit be vacant, and also prevents landlords from reconfiguring their properties to provide more bedrooms and/or units as the market requires.

For these reasons, I strongly urge the Committee to hold this bill for further study.

thank you for your consideration and your service to our State,

Anthony Thompson