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I am writing to express my concerns regarding Rhode Island Bill 7891 (2024), which introduces rent control measures for the City of Providence. While I understand and support the intention behind advocating for affordable housing, I believe that the proposed bill, in its current form, may inadvertently harm the very fabric of our community and the housing market at large.

As a small property owner, the dynamics of the housing market directly impact our ability to provide quality housing while maintaining financial viability. For many of us, purchasing property is not just an investment in real estate but a commitment to our community's welfare and improvement. The current housing prices and the financial model upon which we operate require a careful balance between the costs incurred and the rent charged to tenants.

To illustrate, buying a three-family home at today's market price of \$600,000 with a mortgage interest rate of over 6% necessitates a monthly mortgage payment of approximately \$3,597.30, excluding additional expenses such as property taxes, insurance, and maintenance. This scenario indicates that to merely break even, let alone make a profit or invest in property improvements, landlords must set rents at a level that covers these substantial costs.

The bill's approach to rent control could discourage property investment and maintenance, potentially leading to a decline in the quality and availability of rental housing. Moreover, the requirement for annual rent increases to keep pace with market values may force landlords, who previously maintained stable rents for long-term tenants, to adjust rents more frequently. This shift could strain tenant relationships and community stability.

Furthermore, the constraints placed on adjusting rents to market rates could significantly impact small property owners when selling their property. The inability of the next owner to adjust rents could result in properties being undervalued and unsellable without a loss. This scenario does not just affect landlords but also detracts from the overall appeal and development of our neighborhoods.

In light of these considerations, I urge policymakers to revisit the provisions of Bill 7891, seeking a more balanced approach that protects tenants' rights without undermining the economic realities and responsibilities of landlords. A collaborative effort to address affordable housing should not place the burden on small property owners but rather consider a broader strategy that includes support for both housing development and preservation.

Thank you for your attention to this matter. I hope for a constructive dialogue that leads to effective solutions for all stakeholders involved in Providence's housing ecosystem.

Sincerely,

Dan Gerade