

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

I am a housing provider 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 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, that 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 the 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.

Rent control also forces housing providers who might otherwise be content to leave existing rents as-is without increase for several years - and I personally know many such housing providers - to raise them consistently to the maximum extent allowable by law, because if they do not increase the rent one year they will never again be able to recoup the amount they did not increase in that year, in a future year.

Efforts at lowering rent should be addressed at the root of the problem, the lack of enough 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).

I am also opposed to other elements of proposed Bill 7989. Limiting and restricting condominium conversions impedes the ability of owners and developers from dynamically responding to needs in the housing market. Allowing payment of security deposits in installments significantly dilutes the meaning of a security deposit as a tenant who has not fully paid a deposit has little vested interest in not damaging their rental unit, and I have noticed consistently over the years that *every single time* an agreement was reached with a tenant to allow a security deposit to be paid after move-in, it was never paid in full. Once a tenant has moved in, there is virtually no incentive to pay the rest of the security deposit, so it is no wonder that they do not do so.

I oppose the “just cause eviction” provisions of the Bill under the same rationale, 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 for themselves, and also prevents landlords from reconfiguring their properties to provide more bedrooms and/or units as the market requires.

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

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

Anthony Thompson