

Opposition Remarks – House Bill #7989 – House Committee on Municipal Government & Housing

March 17th, 2024

Gregory J. Rice – VP/GM of Nexus Property Management

Rent control is a fantasy land idea that local and state governments (CA,NY,NJ,MD,ME,OR,MN) have tried (and still try) over and over again across the country. The idea can pencil well, sound good hobnobbing over a cocktail, and resonate with constituents who have affordability problems. As I testified last week in the Senate Committee for Municipal Government & Housing, Rhode Island does not have a housing crisis. We have a demand crisis. This is a good thing. Providence's own Mayor, candidate at the time, Brett Smiley, contended in September of 2022, via the Providence Journal, that *"rent stabilization doesn't work"*. Continuing:

"Under a rent stabilization model there are too many people left out, property owners stop properly maintaining buildings and it does absolutely nothing to control costs or the tax burden on property owners" – Projo – Amy Russo – Published 2:53PM September 9th, 2022

Moreover, I deal with housing authorities all over the State and they are often overworked, underpaid, short staffed, and are NOT housing providers themselves. It is a job for them, it is a lifestyle for us.

For just cause evictions, I as the housing provider am 100% accountable, responsible, and liable for everything that happens (or doesn't happen) at my properties. Therefore, I must be 100% in control of all decision making. If I want to terminate a tenant to renovate my unit, I am doing that. Why can't I do that? What's wrong with that? It's my property, and it's a financial tool for me to continue on in my career. If we as housing providers are restricted in this capacity, units will become gridlocked and in severe disrepair. We musn't restrict the free-flowing nature of tenancies. The tenants can leave, unannounced, without penalty, unscathed at any time. We have no recourse in that instance other than keeping the security deposit; which is typically a drop in the bucket after you account for lost rent, damages, repairs, and paying a leasing agent. Or, maybe we don't have a full security deposit because they didn't make all of their "installment payments".

When it comes to immediate rent increases, again, this is just the ugly step-sister of rent control in my opinion. Last fiscal year, my Woonsocket property taxes increased a whopping 47%. Thousands of dollars more per month for me to come up with. I received just a couple months' notice to prepare. The same thing can happen with utilities, insurance premiums, contractors, management companies, materials, and beyond. Being bound to a 12-month period, with potential limitations as well, handcuffs my ability to freely navigate the stressful waters of being a housing provider.

Finally, when it comes to regulation of deposits and fees, I believe the current system we have is effective and fair for both parties. Allowing a security deposit to be paid in installments is a liability and risk for us. The deposit is our only form of protection and security against non-payment and damages. Also, if the tenant does not have a full deposit readily available it shows they likely will be skating on thin ice when it comes to making their rent payments. Chances are they will then ask to make the rent payments in installments. The only time I allow this is in court when signing a stipulation agreement. I respectfully oppose the proposed legislation in this bill.

Thank you all,

3/17/2024
Gregory J. Rice