

I am writing to express my strong opposition to H7989 and H7981 which provide rent control, just cause eviction, and many other regulations, in the city of Providence and/or Rhode Island. I am a Realtor, property manager, and “landlord” of 18 years and have extensive perspective on many angles within our housing market. While I currently own my home, I also have experience as a renter. I completely relate to the plight of both renters and home buyers in this challenging market, but I respectfully must add that landlords are not the source of this crisis and that rent control, just cause eviction, and all other punitive, unbalanced legislation is not the solution. The only solution to our current housing status is more supply, IE creating more units.

The proposal of rent control may come from a well-meaning place, but the reality of the implications of rent control are far from beneficial to those that these measures intend to serve. In general, rent control has been proven to disincentivize development of new housing as well as the investment in current housing. Rhode Island currently needs at least 3,000 units total to be added to the housing pool yearly in order to even come close to equilibrium in supply and demand. Housing bills that spur development will help stabilize rents and housing prices. I mention housing prices because there is certainly a correlation between the two. In the current housing market, each time a property is sold, it is sold for a higher price than the previous owner's debt. In many cases a new assessment and higher tax rate will also soon follow. The median single family home sale price in February 2024 was \$440,000 and multifamily median sales price was \$520,000. Just 10 years ago those stats were \$185,000 and \$139,000 respectively. Over the course of 10 years, month-over month, that is a 237% increase in single family housing and a 374% increase in multifamily housing. If you were to buy the typical single family home today for \$440,000, your mortgage with 20% down would be around \$2,740 monthly PITI, and as a first time homebuyer using an FHA, that payment would be over \$3,500. In purchasing a multifamily property, your average monthly payment would be almost \$5,000. These expenses have jumped leaps and bounds over the past 10 years when the typical multifamily mortgage payment would be about \$1,190 based on a 4.2% interest rate rather than 6.9% (and lower taxes & insurance too!). It also makes clear that housing has become more expensive in general, not just for renters, but buyers too. For this reason, forcing a mass sell off of property due to over-bearing regulation under current market conditions, can only exacerbate the problem. New homeowners will need to raise rents at higher rates unlike many of their predecessors due to their newly established mortgage payments and tax evaluations. For those who have already purchased homes in recent years, there is absolutely no way that they will be able to keep pace with repairs and maintenance costs under proposals such as rent control. At the moment, there are many rental property owners only raising rents to keep up with rapid inflation of taxes, insurance, utilities, and maintenance costs, not necessarily a new mortgage and high interest rate too! The cost of everything from groceries, to automobiles, to utilities, to

services industry costs have increased exponentially since the Covid-19 pandemic, and housing is no different. More market supply will create more competition, thus lowering prices, and also creating incentive for property owners to improve their properties to attract renters to their properties.

Just cause eviction policies in any form can also have negative impacts on housing conditions for several reasons. Overall, landlords are much more likely to not give potential applicants the benefit of the doubt if their rental history is less than stellar. This is because landlords will have to think preemptively knowing that their options for recourse would be limited. Evictions for reasons other than non-payment are notably difficult and lengthy. Oftentimes, an eviction for reasons other than non-payment are initiated due to something that is going on that is a lease violation that disturbs other tenants in the building or that may be illegal. For non-occupant landlords, this would shift the onus to the tenants and neighbors in the building who may already feel intimidated by an unruly tenant. In these scenarios, a good tenant is put in harm's way for longer than necessary due to the landlord's inability to act in a timely manner. Oftentimes it is the good tenant who has to uproot their family and move if an eviction cannot be culminated in a timely manner.

It is also worth noting that Just Cause Eviction policies may be another high-handed approach at overcorrection. Once again, the Covid-19 pandemic was responsible for much of the market upheaval we have experienced in recent years. An eviction moratorium was in place starting in March 2020, followed by the RentRelief program which lasted through September 2022. During this time a tenant could not be evicted at all for any reason, or could not be evicted so long as there was an application for rent relief in place. While this stance was understandable at the time, it did mean that there was a backlog of evictions which were filed all in one short time period. This is what is being referred to as the "spike in evictions" - a delay in evictions that did not happen for 2 years. On average over the course of years, eviction rates remained close to the norm. Now eviction filings have returned to pre-pandemic levels and according to Rhode Island Housing, evictions for reasons other than non-payment have even reached a 2.5% decline on average for the past 13 month period in comparison to pre-pandemic filings during the years of 2016-2019. EvictionLab.org even reports that eviction filings in total (statewide) are only 85% of reported filings for the time period prior to the pandemic. Providence actually ranks lower at 77%. Eviction filings do not always translate to actual eviction judgements or executions. Many times a filing will bring both parties to the table to negotiate and resolve whatever is being disputed. In the scenario of non-payment, it is unheard of to proceed with a writ of execution without first allowing the tenant a payment plan which they agree to and have a

say in negotiating. There are safeguards in place and the term “just cause” can be very misleading in what the policy tends to do or what current policies already justly provide.

I think it is also very important to address the false notion that exempting owner occupants from any form of this legislation would be helpful to them. Once again, we live in an economy where supply and demand rules. Competition is meant to create healthy conditions in any marketplace that we have. In this case, the law of supply and demand would apply in such a way that is harmful to owner-occupant landlords. First of all, rental rates are set based on market demand and comparable rental prices. Once the market is saturated with comparable market rents, an owner-occupant landlord is not necessarily going to be able to set their price as they see fit or required in order to keep up with their expenses. Secondly, we can look through the eyes of a renter for their perspective and application of the rule of supply and demand. A renter might not necessarily want to live in an owner occupied property if they know that rent control and just cause eviction rules do not apply to them and they can look elsewhere. This can negatively impact owner-occupant landlords as this added lack of demand for their units specifically would further impact their pricing and bottom line. For this reason and many more, owner exemptions only create even more unintended consequences.

The statewide proposal also enacts many over-reaching proposals like the tenant’s ability to divide their security or last month’s rent over the course of 4-6 months, and payments of as much as 3 months rent for tenant relocation in the scenario of a termination for the reason of development. Forcing landlords to accept security deposits over a longer course of time further proves unbalanced legislation that places the landlord at risk. With rising costs, a security deposit often does not even cover a third of damages left behind from less than desirable tenants. Security deposits are returned to tenants upon move-out if damages do not occur. Any tenant relocation expense can further stunt development. There are developers currently converting current multifamily properties into building sites of 30+ units. If we want more housing and more density, why would we add to the cost of that? If tenants of a 3 unit building were asked to relocate and in turn the housing market was provided 15 brand new units, we should support that as a needed change. Condo conversion must also not be frowned upon. Since the current housing market is so expensive, we should not seek to remove the lowest entry-point into homeownership that is condominiums. Purchasing a condominium rather than renting an apartment would provide many in our community with the peace of mind and stability which everyone is aiming for in the proposed legislation.

In closing, I hope that I have highlighted some of the glaring concerns with the proposed legislation as well as drawn attention to how real estate professionals such as myself, can

provide valuable perspective. Let landlords, Realtors, property managers, and builders have a seat at the table and participate in real solutions to the current challenges that we face. Thank you for your consideration.

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