

NARPM Position on Rent Control

ISSUE: Rent control is a local government regulation imposing a ceiling on rents or the percentage of increase allowed per year. Rent control legislation varies according to the presence and stringency of the following factors:

Exemptions - what properties are exempt from the ordinance?

New construction exemptions - are newly constructed units exempt and for how long?

Vacancy decontrol - are vacated units exempt from controls?

Rent increases - how are the general base rent increases determined, are they sufficient to provide a fair return to investors?

Pass through of capital improvements and hardship expenses - does the ordinance allow the landlord to increase rents to compensate for these costs?

Condominium conversion - does the ordinance impact the owner's ability to convert the units?

Just cause eviction - does the ordinance restrict the owners ability to regain possession of his property?

Extension of rent control - what is the chance that additional controls will be enacted or current ones extended?

These factors determine the work ability of the rent control legislation and, thus, they affect that the legislation will have on the community in which it is enacted.

NARPM POSITION: We urge elected officials at all levels of the government to oppose the adoption of rent control legislation and the use of government funds to finance rent control advocacy. We support the concept of affordable housing and defend the rights of Americans to own property free of unreasonable controls.

IMPACT ON PROPERTY MANAGERS: Rent control negatively affects the housing inventory by hastening the deterioration and loss of existing housing while discouraging the construction of new housing. By lowering the value of rental property, rent control affects a community's tax base by causing a disproportionate shift of tax burden to other real estate and potentially curtails vital municipal services. The expense of complying with rent control laws and regulation inevitably increase the cost of housing to the consumer, and the expense of enforcing rent control adds cost to local government. Communities which have discouraged investment in new rental housing because of rent control should not be eligible for federally-assisted or state-assisted rental housing programs.

STATUS/OUTLOOK: A small number of states have enacted rent control legislation and many more have enacted legislation preempting rent control in their states. Property managers are encouraged to use the following strategies to oppose rent control:

Form coalitions with other interested and active groups.

Educate homeowners in the community on the effects that rent control will have on them, their property values and tax base.

Acknowledge the existence of the problem that has brought on the push for rent control, but make the point that rent control is a restrictive and permanent solution (i.e. once enacted, almost never repealed) and one which will not solve the originating problem. Clarifying the detrimental effects that rent control has on affordable housing in the long run.

OTHER ASSOCIATION POSITIONS: NARPM's position on rent control is very similar to those of the National Association of Realtors (NAR) and The Institute of Real Estate Management (IREM).