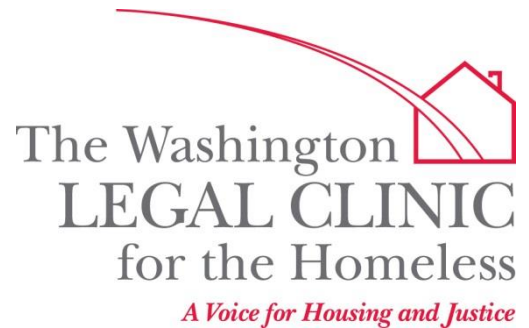


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D.C. Council Committee on Housing and Neighborhood Revitalization-Hearing on the Rental Housing Act Extension Amendment Act of 2019 –November 13, 2019

Testimony of: Brittany K. Ruffin, Affordable Housing Advocacy Attorney; Alison Smith, Legal Intern; Morrison Alston Neville, Legal Intern

Good afternoon, Councilmembers. Since 1987, the WLCH has envisioned and worked towards a just and inclusive community for all residents of the District of Columbia—where housing is a human right and where every individual and family has equal access to the resources they need to thrive. Unfortunately, our vision is still that—a vision. Currently, there is no right to housing; and, it is hard for the vast majority of our vulnerable residents to focus on thriving when basic survival has become such a challenge.

The Washington Legal Clinic for the Homeless strongly supports the reauthorization of rent control in D.C. Sixty percent of D.C. residents are renters.¹ Thus, rent control can have a large impact as an affordable housing tool.² It reduces the damage of gentrification, brings housing stability to people who want to stay in their community, and prevents unconscionable rent increases by rogue landlords.

Rent control is a powerful anti-displacement measure, ensuring stability for residents who are here and want to stay.³ Research has recently shown that Washington, D.C. is the most intensely gentrified city in the United States, a process which has pushed thousands of low-income people of color out of the city.⁴ Without the rent stabilization legislation already in place, this crisis would undoubtedly be even more acute. Recent gentrification has had an especially pronounced effect in displacing racial minorities who would benefit most from an extension of rent control.⁵ In extending and expanding rent control, Council has the opportunity to “potentially improve economic opportunity for residents, both by allowing them to remain in neighborhoods with growing economic opportunities (and potentially

¹ Marissa J. Lang, *Housing advocates push for more aggressive rent-control measures in D.C.* (Oct. 2, 2019), https://www.washingtonpost.com/local/housing-advocates-push-for-more-aggressive-rent-control-measures-in-dc/2019/10/02/39d3c9b6-e52e-11e9-a331-2df12d56a80b_story.html

² Ameer Chew & Sarah Treuhaft, *How Rent Control Can Build Stable, Healthy Communities*, The Center for Popular Democracy (Feb. 2019), <https://ourhomesourfuture.org/>

³ Jeff Andrews, *Rent control is making a comeback. Does it work?* (Oct. 15, 2019), <https://www.curbed.com/2019/10/15/20915405/rent-control-does-it-work-2020-election>

⁴ Nena Perry-Brown, *The Severity of Displacement in DC: By the Numbers* (Apr. 15, 2019), <https://dc.urbanturf.com/articles/blog/the-severity-of-displacement-in-dc-by-the-numbers/15266>

⁵ Rebecca Diamond, *What does economic evidence tell us about the effects of rent control?* (Oct. 18, 2018), <https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/>

experiencing gentrification) and by providing them savings that they could use for other purposes.”⁶

Rent control helps balance the power between landlords and tenants by limiting landlords’ opportunities to raise rent without good reason.⁷ Owners of controlled units must prioritize their tenants’ stability and long-term residence over the possibility of finding a future tenant with more money.⁸ By limiting arbitrary or pretextual rent increases, “rent control disproportionately benefits low-income tenants, seniors, people of color, women-headed households, persons living with disability and chronic illness, families with children, and others who have the least choice in the rental market and are most susceptible to rent gouging, harassment, eviction, and displacement.”⁹

Rent control protections are especially advantageous for elderly and long-term D.C. residents. These groups are particularly connected to the communities in which they live. Elderly and long-term residents are also least equipped to pick up and move when their landlord decides to hike up rent.¹⁰ Research also suggests that the stability of rent control staves off “long-term health and mental health impacts” on low-income people who are subject to the severe stress of displacement.¹¹

In contrast to developers’ claims, there is emerging evidence that rent control does not halt the expansion of a city’s housing stock.^{12,13} Modern rent control, which balances landlords’ profitability concerns with tenant protections, has not put a significant damper on D.C.’s housing supply.¹⁴ D.C. has also found fewer housing code violations in rent-controlled buildings, possibly because of the increased availability of enforcement mechanisms.¹⁵

⁶ Prasanna Rajasekaran, Mark Treskon, & Solomon Greene, *Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action?* (Jan, 2019),

https://www.urban.org/sites/default/files/publication/99646/rent_control._what_does_the_research_tell_us_about_the_effectiveness_of_local_action_1.pdf

⁷ Jake Blumgart, *In Defense of Rent Control* (Apr. 1, 2015)

⁸ Stephen Barton, *The Economics of Residential Rent Control: A Not-So-Simple Matter of Supply and Demand* (Feb. 2019)

⁹ Ameer Chew & Sarah Treuhaft, *How Rent Control Can Build Stable, Healthy Communities*, The Center for Popular Democracy (Feb. 2019)

¹⁰ Rebecca Diamond, *What does economic evidence tell us about the effects of rent control?* (Oct. 18, 2018)

¹¹ Stephen Barton, *The Economics of Residential Rent Control: A Not-So-Simple Matter of Supply and Demand* (Feb. 2019)

¹² Miriam Zuk, *Rent Control: The Key to Neighborhood Stabilization?* (Sept. 9, 2015),

<https://www.urbandisplacement.org/blog/rent-control-key-neighborhood-stabilization>

¹³ Tenants Together, *Making the Case for Rent Control* (Jan. 22, 2018), <https://medium.com/@tenantstogether/making-the-case-for-rent-control-c598740f5ce8>

¹⁴ Margery Austin Turner, *Housing Market Impacts of Rent Control: The Washington, D.C., Experience* (Jan. 1, 1990), <http://webarchive.urban.org/publications/103423.html>

¹⁵ Stephen Barton, *The Economics of Residential Rent Control: A Not-So-Simple Matter of Supply and Demand* (Feb. 2019)

Ending rent control now would cause shocks to the housing market and, potentially, exacerbate the already dire affordable housing crisis. When cities repeal rent control, property values in the area increase^{16,17}—which can be great for a property owner looking to raise rents or sell the property, but terrible for the tenants and other long-term residents who must shoulder the increased rents or property taxes. In New York, vacancy decontrol (phasing out rent regulations by exempting units as they return to the market) caused massive rent increases and a rapid loss of regulated units.¹⁸ Simply, ending rent control in D.C. must not even be an option.

Across the country, there has been increased fervor to push legislatures to enact rent control legislation to help protect the most vulnerable populations. The U.S. is facing one of the worst renter crises in a generation, and the market has never taken an interest in meeting the needs of low-income renters. Production has been geared primarily towards the construction of luxury units instead of more affordable units.¹⁹ Rent control attempts to match the size and urgency of the renter crisis, as few other policies have the ability to bring any quick and far-reaching relief for renters.²⁰ Places where rent control legislation has been enacted have seen rent control become one of the largest sources of affordable housing.²¹ In addition to extending the city's rent control program through 2030, the D.C. Council must expand rent control protections. As described above, rent control is integral to protecting almost thousands of D.C. residents from displacement and exploitation. The Washington Legal Clinic for the Homeless is a member of the Reclaim Rent Control Coalition and supports the policy platform efforts to expand rent control protections. By exempting fewer units, further restricting rent increases, and closing loopholes in petition processes, the Council can strengthen its commitment to preserving the character of the city and the affordability of D.C. housing.

In this diminishing affordable housing market, rent control should be expanded to cover more units and give thousands more D.C. tenants stability and peace of mind. Units should only be exempt from rent control for fifteen years, starting immediately. This change would extend rent control to an additional 17,000 units.²² The fifteen-year exemption would still allow developers to recoup their construction investments before rent control takes effect. Further, units owned by a landlord with *four* or more units should be rent controlled. Many of those 8,000 newly-regulated units²³ under this change would be in multifamily buildings, regulating their affordability into the future.

¹⁶ Rebecca Diamond, *What does economic evidence tell us about the effects of rent control?* (Oct. 18, 2018)

¹⁷ Jake Blumgart, *In Defense of Rent Control* (Apr. 1, 2015)

¹⁸ Oksana Mironova, Community Service Society, *Rent Regulation in New York City: How it works, what went wrong, and how to fix it*, at 12 (Jan. 2019),

http://lghhttp.58547.nexcesscdn.net/803F44A/images/nycss/images/uploads/pubs/Rent_Reg_Explainer_V6.pdf

¹⁹ Ameer Chew & Katie Goldstein, *Universal Rent Control Now* (June 17, 2019)

²⁰ *Id.*

²¹ *Id.*

²² U.S. Census Bureau, *Tenure by Year Structure Built by Units in Structure, 2017 American Community Survey 1-Year Estimates*

²³ *Id.*

The Council should keep prices down in the long-term by limiting and regulating rent increases. Regulated landlords should be limited to rent and vacancy increases *only* at the rate of inflation. This will prevent rent increases from quickly outpacing a tenant's expected increase in income over time. The more restrictive vacancy increases will eliminate an incentive for high turnover, hopefully reducing the instances of landlords harassing tenants or otherwise preventing long-term tenancies. In addition, landlords of all D.C. units—rent-controlled or not—should be limited to only one rent increase per year, with at least 90 days' notice so that current tenants can more adequately consider their options.

The Council should close loopholes in rent control laws and reduce exploitation by eliminating voluntary agreements and reforming capital improvement, substantial rehabilitation, increased services or facilities, and hardship petitions. Under current law, landlords can coerce current tenants into signing voluntary agreements that increase rents for future tenants, and then can pay those current tenants to move out so that higher rents can take effect. This is a major flaw in rent control law that undermines the effectiveness of regulation. Hardship petitions and petitions related to property improvements are also easily manipulated by some landlords. Landlords can take advantage of petitions in order to secure rent increases though the condition of their properties do not genuinely reflect a need requiring a rent increase. According to some research, “the landlords who find ‘loopholes’ in the rent control laws such as major capital improvements, when a property owner makes physical improvements and raises the rent to cover costs, are to blame for rents rising and not rent control policies.”²⁴ Currently, landlord petitions are characterized by inconsistent procedures and standards. These petition processes should be reformed to weed out applications filed for greed, to limit the duration of any allowable increase instead of enacting it permanently, and to incentivize housing code compliance and the maintenance of capital reserves.

Presently, California, Oregon, and New York have passed rent control legislation to assist renters in their individual states. Oregon was the first state in the nation to impose rent control on the entire state's landlords. In New York, changes would abolish rules that let building owners deregulate apartments, close a series of loopholes permitting rent-raising, and allow some tenant protections to expand statewide. In California, legislation will remove the state-level restrictions on rent control, make eviction protections widespread, and help prevent instances of rent gouging.

Oregon and California regulations require a landlord's strict compliance with their housing codes. Likewise, the District should also extend regulations that would prohibit landlords who have not maintained capital reserves or complied with the housing code from increasing rent through petition. NY seeks to preserve affordable housing by eliminating most of the tools that landlords used to remove units from regulation. Legislation there abolishes the vacancy “bonus” that allowed property owners to raise rents 20% when a tenant departed. D.C. should certainly follow suit and, similarly, prevent landlords from being able to profit from forcing families out.

²⁴ Sadeef Ali Kully, *The Five ‘Myths’ of Rent Regulation in New York* (Jan. 16, 2019), <https://citylimits.org/2019/01/16/the-five-myths-of-rent-regulation-in-new-york/>

Despite an overall population influx, more than twenty-thousand Black residents were displaced from D.C. neighborhoods between 2000 and 2013. According to the U.S. Census, in 2011, the Black population dropped below fifty percent for the first time in over fifty years. Between 2009 and 2016, 10,000 families with incomes of over \$200,000 moved into the District, while 4,300 families with incomes under \$35K (0-30% AMI) moved out. While the existence and expansion of rent control does not solve the massive problem of lack of affordable housing in D.C., it is a major tool in affordable housing preservation, anti-displacement, and housing stability. This Committee and the Council must intervene to enact legislation and policies that acknowledge the needs that are most critical to D.C. residents. D.C. must protect its residents by extending, strengthening, and expanding rent control legislation.