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Thursday, March 9, 2023

TO: New Bedford City Council

RE: Rent Stabilization Motion

Dear New Bedford City Council Members:

I am submitting this letter in opposition to the rent stabilization motion that is under consideration at tonight's meeting. Rent stabilization is rent control. Economists and housing professionals have historically considered rent control a failed housing policy. According to a National Multifamily Housing Council published article, a survey of economists at the American Economic Association showed that 93% agreed that "A ceiling on rents reduces the quality and quantity of housing available".

Rent control has a detrimental effect on communities and the social costs almost always outweigh the perceived short-term benefits. While there are many reasons why rent control can be detrimental, I'd like to briefly focus on three.

1. When suppressing rents below market rates, it reduces the profitability of rental housing, which directs capital out of the rental market and into other profitable markets. This can both cause the decline in rental housing construction and may also force owners to convert existing units into other uses, such as condos, cooperatives or conversions to larger single family homes. This results in less rental stock in a city that already has inventory issues.
2. Rent control can also lead to cases of property deterioration and in some cases abandonment of properties when landlords are faced with unprofitable properties.
3. Rent control will reduce the market value of properties. In some cases, the tax implications can be significant, as taxable rental property values decline in comparison to unregulated property.

Rent control is not the solution, but rather a short-term band aid on a larger issue. Currently, there are over 100 units in the construction pipeline in New Bedford, but developers cannot afford to build without the assistance of programs like Massachusetts HDIP. The HDIP is woefully underfunded at 10 million for the entire state but the recent budget proposal by Governor Healy would bump that to 50 million for the first year and a continued 30 million for future years. We need to foster investment incentives for future construction. We also have to work with surrounding communities to increase the housing stock in Bristol County, in addition to available public housing. Finally, we need to advocate the state and federal government for a more robust housing voucher program and assist city residents with the education and training needed to improve their quality of life.

In closing, rent control is a simple short-sided answer to a complex issue. Placing it on a local ballot as a non-binding referendum will only cost the city money and not yield the feedback needed to solve a problem that has been building for years. I urge you to vote no on any rent stabilization or rent control motion. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to be "Paul Allen", written over a white background.

Chief Executive Officer

