

Statement to Legislative Committee on Rent Control

Good morning, members of the committee. My name is Nicholas Martin, and my wife and I are landlords based here in Vermont. Thank you for the opportunity to share my perspective on the current Landlord-Tenant Law case study regarding an implementation of rent control

I understand and respect the goal of addressing housing affordability, but I want to emphasize the unintended consequences rent control would have, particularly on smaller landlords like myself, and how it could ultimately harm the communities it's intended to help.

Financial Strain on Small Landlords

Rent control disproportionately impacts smaller landlords who don't have the financial flexibility of large corporations. For many of us, rental income is not about profit margins but about covering the essential costs of property ownership:

- **Rising property taxes and insurance premiums:** These are expenses that increase every year, and rent caps would leave landlords struggling to keep up.
- **Costly maintenance and repairs:** Whether it's replacing a roof, fixing heating systems, or addressing plumbing issues, maintenance is unpredictable and expensive. Without the ability to adjust rents, smaller landlords may lack the funds to provide the quality housing tenants deserve.

Impact on Housing Availability and Quality

Rent control doesn't just harm landlords—it impacts tenants too:

- **Decreased availability:** Many landlords, unable to sustain their businesses, would be forced to sell their properties or convert them into owner-occupied housing, reducing the number of rental units available. This would exacerbate housing shortages, especially for working families and individuals on fixed incomes.
- **Declining housing quality:** When landlords can't recover their costs, necessary upgrades and repairs may be delayed or skipped entirely. Over time, this could lead to a decline in the overall quality of the rental housing stock, creating unsafe or poorly maintained living conditions.

Unintended Market Consequences

Rent control creates distortions in the housing market that often lead to negative outcomes:

- **Disincentive to build new housing:** Developers are less likely to invest in building new rental properties if they know their returns will be limited by rent control policies. This can freeze the growth of much-needed housing supply, compounding the affordability problem.

- **Black market for rentals:** In cities with strict rent control, landlords sometimes resort to informal agreements or illegal practices to recover losses, which can harm tenants in the long run.
- **Reduced tenant mobility:** Rent control often incentivizes tenants to stay in units longer than they need, even when their circumstances change, further limiting the availability of housing for others.

Broader Impacts on Local Communities

Smaller landlords play an essential role in our communities. Unlike large corporate entities, we often live in or near the communities we serve. We're more likely to have personal relationships with our tenants, respond quickly to issues, and reinvest in the local economy. By driving smaller landlords out of business, rent control risks losing this community-oriented approach to housing.

Additionally, rent control can inadvertently shift housing ownership to large, out-of-state corporations that are better positioned to absorb financial losses. These companies are often less invested in maintaining local relationships and fostering a sense of community.

Alternative Solutions to Housing Affordability

If the goal is to create more affordable housing, I urge the committee to focus on expanding housing supply and supporting landlords who keep rents reasonable. Consider policies such as:

- **Tax incentives or credits** for landlords who maintain affordable rents.
- **Grants or low-interest loans** for property improvements and energy efficiency upgrades, which reduce operational costs and allow landlords to keep rents stable.
- **Streamlining permitting processes** for new housing developments to increase supply.
- **Public-private partnerships** that encourage collaboration between developers, municipalities, and landlords to create more affordable units.

These approaches address the root causes of high housing costs—insufficient supply, rising operational costs, and lack of financial support—without the negative effects of rent control.

Rent control may seem like a quick fix, but its long-term consequences could harm both landlords and tenants. It risks reducing housing availability, discouraging new construction, and degrading the quality of existing housing stock. Instead, let's work toward solutions that expand affordable housing while supporting the landlords who provide it.

Thank you for your time and consideration. I'm happy to answer any questions and work collaboratively to achieve our shared goal of making housing more affordable for Vermonters.

Sincerely,

Nicholas Martin