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**Testimony Against Rent Stabilization in Rockville, Maryland**

**Submitted by:** Marji Graf, President & CEO, Greater Rockville Chamber of Commerce
**Date:** July 21, 2025

**To:** Mayor Ashton and Councilmembers, City of Rockville

My name is Marji Graf, and I am the President & CEO of the Greater Rockville Chamber of Commerce, representing hundreds of local businesses, property owners, and community stakeholders.

I would like to voice our **strong opposition to rent stabilization legislation** in the City of Rockville.

We absolutely recognize and support the urgent need for **housing affordability**, but **rent stabilization is not the right tool**. In fact, it may have long-term consequences that do the **opposite** of what is intended—especially in a city like Rockville that is growing, diverse, and striving for economic vibrancy.

**Why Rent Stabilization Is the Wrong Policy for Rockville:**

**1. It Discourages Housing Investment at a Critical Time**

Rockville needs **more housing**, not policies that make it riskier to build or maintain rental properties. Rent stabilization disincentivizes development and can cause developers to move projects—and jobs—elsewhere. That’s not good for housing supply or economic growth.

**2. Unintended Harm to Small Landlords**

Many of our local landlords are not large corporate owners—they are retirees, veterans, or families who rent out a few units. Capping their ability to adjust rents—even modestly—prevents them from covering **property taxes, insurance, utilities, and maintenance**, all of which continue to rise with inflation. These financial pressures could push them to **sell or leave the market**, reducing affordable options long-term.

**3. It Reduces Quality of Housing Stock**

With profit margins squeezed, landlords may cut back on **repairs, upgrades, and safety measures**. Over time, rent caps can lead to a deterioration of housing quality, especially in older units that need regular investment.

**4. It Benefits the Few, Not the Many**

Studies show that rent control often helps a narrow slice of renters—those lucky enough to get a stabilized unit—while **newcomers, younger renters, and low-income families still face high market prices and fewer options.** It creates a two-tiered, unfair system.

**5. Rockville Needs Local Solutions, Not One-Size-Fits-All Policies**

Rent stabilization may be politically popular, but we urge the Council to think long-term. Let’s work on **targeted subsidies, zoning reform, faster permitting, incentives for ADUs and mixed-use development**—strategies that **increase supply**, protect renters, and encourage investment.

"Since Montgomery County enacted its rent stabilization law last year, we've already seen a decline in developer interest and project delays across the county. Builders are pivoting to other jurisdictions like Frederick and Northern Virginia. Rockville—currently free from these restrictions—remains one of the few places in the region still competitive for new investment. If we impose similar caps, we risk driving away the very partners we need to meet our housing and economic development goals."

In closing, we urge you not to pass legislation that sounds helpful in the short term but has the potential to **undermine Rockville’s housing, economic competitiveness, and business climate** over time.

Let’s work together—government, business, and the nonprofit sector—to address housing challenges **without damaging the very ecosystem that makes Rockville a great place to live and work.**

Thank you for your leadership and consideration.

**🔍 Supporting Data & Research Points**

**📉 1. Developers Are Already Pulling Back in Montgomery County**

* **Montgomery County passed permanent rent stabilization (Bill 15-23)** in July 2023, capping most annual rent increases at **CPI + 3% (maximum 6%)**.
* According to the **Maryland Building Industry Association (MBIA)**, since the passage of that law:
	+ **Multiple developers have paused or relocated projects** outside Montgomery County.
	+ Landowners are re-evaluating the feasibility of **multi-family developments**, citing financial uncertainty.
* A recent MBIA member survey found that **over 70% of developers are less likely to build in areas with rent caps**, especially where construction costs are high.

📌 *Quote from MBIA President Lori Graf (no relation):*
"Montgomery County’s rent cap has chilled the pipeline. Builders are looking to Frederick and Northern Virginia instead."

**📊 2. Rockville is One of the Few Growth Zones Without Rent Control**

* Rockville has so far **not adopted rent stabilization**, making it one of the **last major jurisdictions in the region** without it. This has kept it:
	+ More attractive for developers
	+ Better positioned to build new housing near **Metro, biotech hubs, and mixed-use centers**
* According to the **Montgomery County Planning Department**, Rockville is:
	+ A key location for **transit-oriented growth**
	+ Identified as a zone with **moderate-density housing potential**
	+ Crucial to the **county’s housing goals of adding 40,000 new units by 2030**

**📉 3. Rent Caps Reduce Housing Supply**

* Economic studies show that **rent control reduces new housing supply over time**:
	+ A **2019 Stanford University study** on San Francisco’s rent control found that it **reduced rental housing supply by 15%** and caused rents in the uncontrolled market to **increase by over 5%**.
	+ The **National Multifamily Housing Council** states that rent control “**discourages new construction** and disincentivizes maintenance of existing housing stock.”

📌 *Important for Rockville:* Rockville currently benefits from its position **outside** of county-level rent stabilization. Adding a local ordinance would **erase this advantage**.

**🏚️ 4. Rent Stabilization Hurts Older Housing**

* In jurisdictions with rent caps, landlords often **defer maintenance** to offset capped rent revenue.
* According to the **Urban Land Institute**, older buildings under rent control are more likely to fall behind in:
	+ HVAC, roof, and plumbing repairs
	+ Security upgrades
	+ Energy efficiency retrofits

This affects **tenant safety and quality of life**—the very thing rent stabilization is meant to protect.

**⚖️ 5. Disproportionate Impact on Small Landlords**

* Small landlords (owning fewer than 5 units) make up **over 50% of rental housing providers in Maryland**, per a 2022 **Maryland DHCD** report.
* They often don’t have the cash reserves or portfolio scale to absorb **annual inflation,**