

KEYS TO KNOW

► Rents, evictions, and the share of renters that are cost-burdened have all risen sharply since 2021.

► Rent stabilization is a tailorable policy that protects renters from shocks in annual rent increases; this promotes community continuity, allows aging-in-place, and retains local work forces.

► Empirical studies of DC, New Jersey, and other regions consistently find that well-designed modern stabilization policies preserve housing supply.

► Forty years of economics research shows that thoughtful rent stabilization policies protect citizens who rent while maintaining housing quality, preserving property appreciation and tax base.

► Rent stabilization is simple for cities to administer and requires relatively few resources for implementation.

► Preventing rent gouging would provide protection and long-term peace of mind for thousands of Rockville residents.



Rockville residents have faced a deeply disruptive spike in housing costs every year since 2021 – the sharpest increases since 1985. Nearly half of Rockville residents are renters, and **over half (55%) of these neighbors are now 'rent burdened' – spending one third or more of their income on rent.**ⁱ This is up from only 33% of renters 10 years ago.ⁱⁱ Not surprisingly, eviction rates have soared in the wake of the sharp increases: **In Rockville, evictions for failure to pay more than doubled between 2023 and 2024**, from 749 to 1572.ⁱⁱⁱ With each eviction, more damage is done to the fabric of local families, relationships, and businesses whose workers and customers comprise our community.

Rent stabilization – tailorable policies that can protect renters from untenable and unreasonable year-over-year increases – is a key, missing piece to the Rockville's broader housing strategy. Not to be confused with the outdated and inflexible 'rent control' policies of over half a century ago, modern rent stabilization policies have over 30 years of empirical economics research illustrating that they are highly effective at improving housing stability for those who rent. Well-designed rent stabilization policies help preserve housing supply and maintain high-quality housing condition, while supporting "community continuity, aging in place, and retention of a workforce" (as summarized by economists from the University of Southern California reviewing the rent stabilization literature as of 2018.^{iv}

To protect Rockville from the ripple effects of untenably high annual rent spikes, Rockville must adopt a thoughtful rent stabilization policy, learning from proven policies in place across the county and the region.

WHAT ABOUT HOUSING SUPPLY?

Rent stabilization fits well with Rockville's new-housing development goals and has already proven effective in the DC area and broader Mid-Atlantic region at protecting tenants without reducing new starts. The Urban Institute found that "D.C. rent control has had little or no supply effect despite a decade of moderated rent increases."^v Economists studying long-running rent stabilization policies in New Jersey also found "that moderate rent control had no significant impact on the quantity [of] new constructions" because "the nonrestrictive nature of moderate rent control often provides a fair return for the landlord on investment," while still protecting the existing community from shocks.^{vi}

WHAT ABOUT HOUSING CONDITIONS?

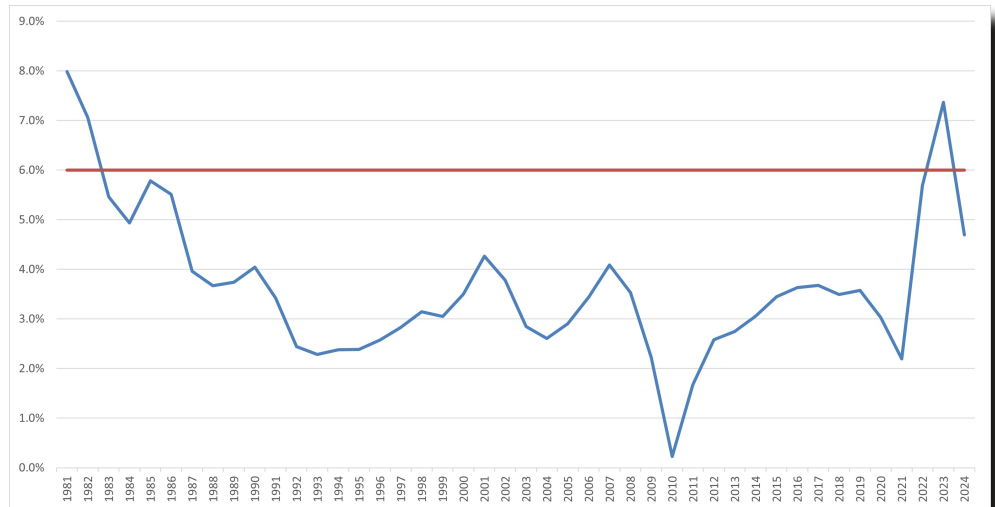
Rent stabilization aligns with Rockville's commitment to provide safe, quality housing to all residents. When paired with housing codes—like those Rockville already has—economists have found that there is "no compelling evidence that [rent stabilization] leads to less maintenance," and suggest that myths to the contrary are based on flawed older studies.^{vii} Economists comparing New Jersey's rent-stabilized communities to communities without stabilization over 30 years found the policies "had almost no significant impact on the quality" of rental housing.^{viii}

WHAT ABOUT IMPLEMENTATION COSTS?

Rent stabilization policies have also proven easy for cities to implement, economists from the University of Southern California concluded that rent stabilization "is relatively simple to administrate" and "does not require tax expenditures."^{ix} Moreover, economists from the University of Dayton also showed that rent stabilization preserves property appreciation rates, in turn preserving the city's tax base.^x

Historic trends show that Montgomery County's moderating limit gives landlords sufficient room, compared to the historic rate of increase, for a fair return. Rent stabilization has shown in other cities to rarely impact operators or developers^{xi} while creating peace of mind for those who rent.

RENTAL CPI CHANGE VS. MONTGOMERY COUNTY LIMIT, 1981-2024



Source: US Bureau of Labor Statistics

REFERENCES

ⁱUS Census, 2021 American Community Survey

ⁱⁱUS Census, 2011 American Community Survey

ⁱⁱⁱDistrict Court of Maryland Eviction Case Database

^{iv}Pastor et. al (2018). "Rent Matters: What are the Impacts of Rent Stabilization Measures?" University of Southern California

^vTurner (1990). "Housing Market Impacts of Rent Control; the Washington DC experience" The Urban Institute

^{vi}Gilderbloom et al (2007). "Thirty Years Of Rent Control: A survey of New Jersey cities" University of Louisville

^{vii}Olsen, E. O. (1988). "What do economists know about the effect of rent control on housing maintenance?" University of Virginia

^{viii}Gilderbloom et al (2007). "Thirty Years Of Rent Control: A survey of New Jersey cities" University of Louisville

^{ix}Pastor et. al (2018). "Rent Matters: What are the Impacts of Rent Stabilization Measures?" University of Southern California

^xAmbrosius, et al (2015). "Forty years of rent control: Reexamining New Jersey's moderate local policies after the great recession." University of Dayton

^{xi}Goetz, et. al (2021). "Minneapolis Rent Stabilization Study" University of Minnesota