



## Foes of rent stabilization raise dishonest arguments, housing expert says

Opponents of rent stabilization are making dishonest arguments, according to an expert on housing law and policy. In a recent paper in the *Washington University Law Review*, Prof. Brandon Weiss charges foes of rent stabilization:

- Falsely claim rent stabilization is identical to crude rent control laws enacted in U.S. cities in the mid-1900s.
- Base their arguments on abstract economic theory rather than real-world experience.

Weiss says modern-day rent stabilization laws are not “silver bullets” or a “one-size-fits-all” solution to shortages of affordable housing. However, they have proved effective at keeping more people securely housed for longer periods of time when combined with other land-use reforms aimed at increasing access to affordable housing.

Such reforms include streamlined construction permitting for developers, tax credits and other financial supports for

## If the primary public policy goal is... anti-displacement, evidence shows that rent stabilization is effective.

buyers and renters, changes to restrictive zoning laws and other polices to encourage new development.

But *without* rent stabilization, none of those reforms protect tenants from losing their homes, Weiss argues. Experience shows:

- Even “fast-tracked” new housing takes years to construct while “evictions and displacement are impacting households and communities in the present.”
- Landlords typically respond to tax credits and other financial aid to tenants by raising rents, leaving renters no better off than before.
- New housing construction often demolishes older, cheaper housing, creating higher prices and displacing more poor and working-class families (a process known as “gentrification”).

“Neither more housing nor more cash eliminates the need for .. tools that directly prevent rent-gouging” and protect tenants from displacement, Weiss writes.

Weiss, a professor at American University, points to dozens of studies from cities across the country showing rent stabilization— when enacted with other measures to increase housing supplies and protect tenants—has “successfully lowered ...rents and helped current tenants remain in their homes for longer periods of time...with no chilling effect on the development of new rental housing.”

“If the primary public policy goal is one of anti-displacement, evidence shows that rent stabilization is effective,” Weiss concludes.

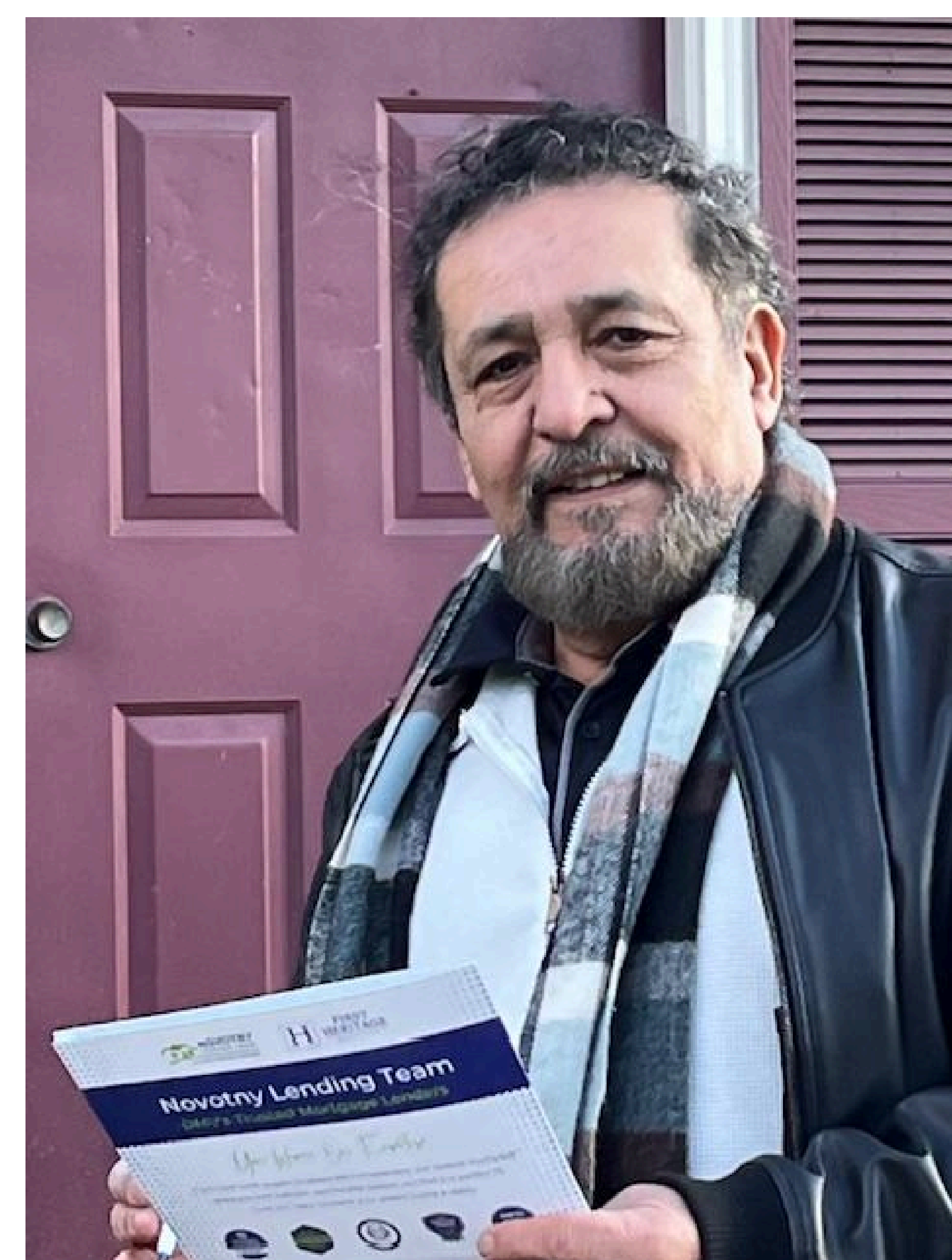
## Realtor blames developer greed for County’s lack of affordable housing

Developers are building homes for the wealthy and leaving other county residents without affordable shelter, a local realtor complains.

“It’s stupid to build communities that only the top 20% can access while ignoring the other 80%,” says Fernando Herboso, managing broker for Samson Properties in Gaithersburg. “We’re making a catastrophic mistake.” Herboso oversees 400 agents and has 25 years’ experience in Montgomery County real estate.

“Every week I watch another ‘luxury community’ break ground,” he continues. “We build \$600,000 townhomes...(then) scratch our heads wondering why teachers, nurses, firefighters and young professionals are fleeing to Pennsylvania and West Virginia.”

“I worry that young people don’t have the opportunities I had when I came to the U.S. in the early ‘80s,” he explains. “I barely spoke English. I didn’t have big-paying jobs. But I was able to save and get a small house and a mortgage. That’s basically impossible today.” He scoffs when developers claim they are responding to market demand. Tens of thousands of county residents want to buy a house. The demand is there, but houses in their price range are not.



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“I’m not anti-development. I’m anti-stupidity.”

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## Who owns my building?

Who is your landlord? Who pockets your rent check and hires your building manager? Can your landlord afford to spend more on maintenance and repair? Do they really need another rent hike or more fees?

Every issue, we'll explore who owns Rockville's apartment buildings. As you'll see, our landlords are mostly billion-dollar companies based in other states. This means tens of millions of dollars in rent payments flow out of our community every month, starving local businesses and weakening our economy.

## Regional powerhouse has surprisingly deep pockets

### **BLVD Ansel, BLVD Forty-Four and The Reed** **Owner: Comstock Holding Cos., Reston, Va.**

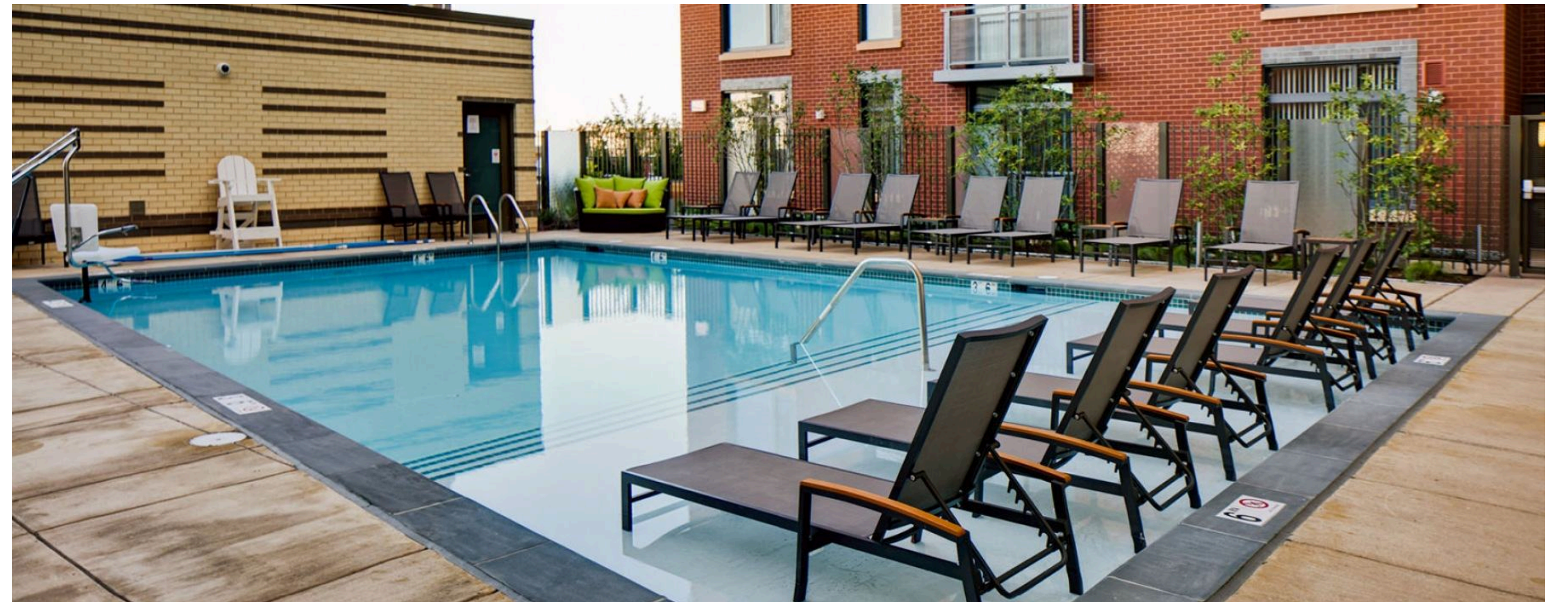
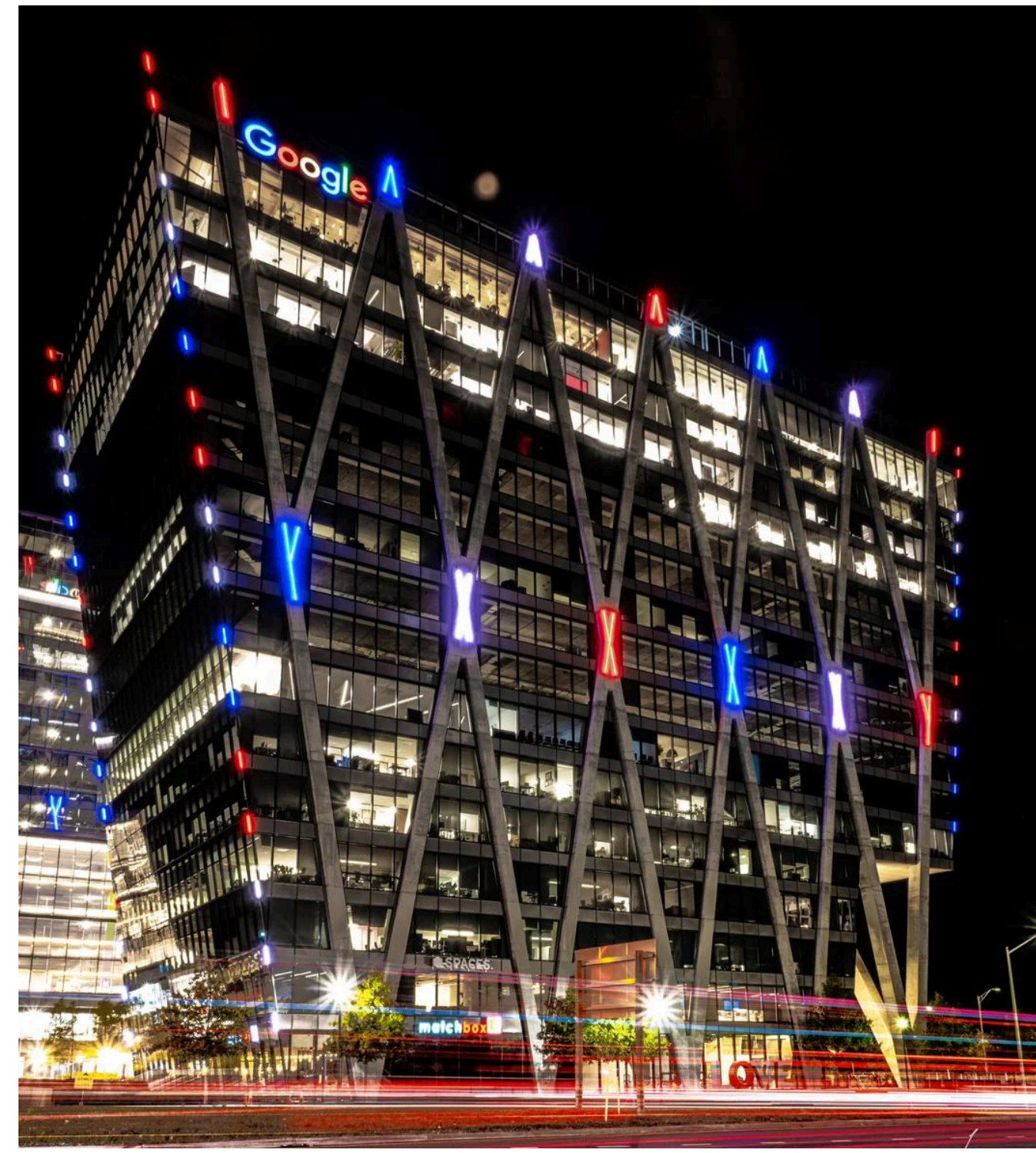
Comstock Holding Companies (CHC) is a powerhouse in the DC Metro region: fast-growing, and with far deeper pockets than may first appear.

It's \$65 million in total assets barely cast a shadow in the high-rolling world of real estate. But CHC wasn't created to *own* real property. It was created to *manage* property owned by its principal investors. In return for providing a full suite of services—parking, maintenance, building and financial management—CHC collects rent and fees from the residential and commercial tenants. That's how it makes money.

The vast majority of assets belong to Comstock Partners, a \$5.6 billion private equity company owned by Christopher Clemente, CHC's CEO, and his father-in-law Dwight Schar. They buy and develop properties, then sign long-term, fee-for-service contracts (on very favorable terms) guaranteeing CHC — which is 59% owned by Clemente and Schar—steady flows of cash with minimal risk and no debt.

CHC also receives cash by selling shares. Having 35% of CHC owned by outside investors lessens the need for Clemente and Schar to tap their own funds to run the business.

CHC's specialty is creating upscale "urban neighborhoods" with a mix of high-end housing, shopping, and business space in locations close to major Metro stops. The most prominent example is Reston Station in Virginia: 90 acres of luxury apartments, retail outlets and "trophy-class" office towers housing the likes of Google and Rolls Royce. It is 100% owned by Comstock Partners and fully-serviced by CHC.



### **Affordable housing with a hitch?**

CHC plans to build—and own 100% of—a 12-story, 147-unit unit complex of exclusively moderately-priced apartments on Monroe Street, Rockville. It will adjoin BLVD Ansel and BLVD Forty-Four (both are owned 5% by CHC and 95% by Capital Partners) and CHC will provide all services.

While new affordable apartments are badly needed in high-rent Rockville, there's a hitch. CHC reportedly plans to eliminate moderately-priced units from BLVD Forty-Four (and possibly from The Reed at Shady Grove, which it recently purchased) and concentrate them all at The Momentum.

Rockville housing law requires between 12.5 and 15% of newly-built apartments to be "moderately-priced dwelling units (MPDUs)."

But shifting its existing MPDUs to The Momentum is a legal sleight of hand that transforms the 147 "new" affordable units into, perhaps, a few dozen, while keeping CHC within the technical limits of the law.

Furthermore, renters at The Momentum will not be allowed to use the parking facilities at the higher-rent BLVD buildings next door. In fact, they will be provided with no parking at all.

CHC was asked to explain the rationale for segregating tenants (and their vehicles) by income but did not respond.

## Realtor blames developer greed for County's lack of affordable housing

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"Follow the money," he says. This is about greed.

"Developers can make a *lot* more money building a handful of \$1 million homes at *half* the investment, *half* the risk and *half* the effort it takes to build 40 or 50 moderately-priced houses."

Making supply meet demand will require policies to incentivize and require developers to construct affordable housing. "Nothing fancy," Herboso says. "Maybe 1,200-1,500 square feet, with a small yard or patio."

It will also require more government-backed loans and low-interest mortgages, and stronger laws so tenants can buy the homes they rent.

Imagine teachers, nurses and small business owners choosing to stay, building strong communities and building equity instead of "hemorrhaging rent money every month," Herboso says.

It's a compelling vision. But Montgomery County, he warns, is heading in the opposite direction.

### **NO Rent Stabilization = MORE Evictions**

Opponents of Rent Stabilization claim the law will "hurt the people it was meant to help." Eviction data from the Maryland District Court shows the opposite is true.

#### **Evictions in 2025:**

-  **4% INCREASE** over 2024 in Rockville (where Rent Stabilization law does NOT apply)
-  **7% DECREASE** over 2024 in Montgomery County (where Rent Stabilization law DOES apply)\*

The overwhelming majority of evictions were in Rockville neighborhoods with large numbers of poor, working-class and non-white households. They are being sacrificed by city leaders who place the interests of corporate developers over the needs of tenants.

*\*The number shows total evictions in MoCo except for the cities of Rockville and Gaithersburg, where the county law does not apply.*

### **?? Did you know ??**

- Corporate landlords own 94% of all U.S. rental properties with 50 or more units. (*H.U.D. and U.S. Census Bureau, 2022*)
- Corporate landlords are 68% more likely than individual (or "non-corporate") landlords to file notices of eviction. (*Elora Lee Raymond et al., 2018*)
- 7.6 million people, including 3 million children, face eviction each year in the U.S. (*Princeton University Eviction Lab, 2023*)