



Senate Energy and Public Utilities Committee
Testimony for House Bill 430; Proponent of Amendment AM_134_3368-3

May 31, 2022

Chair McColley, Vice Chair Schuring, Ranking Member Williams and members of the Senate Energy and Public Utilities Committee, good morning my name is Buffie Patterson and I appreciate the opportunity to be here today on behalf of the 36,000 members of Ohio REALTORS.

I am a REALTOR and Principal Broker at Keller Williams Excel Realty in Columbus and I have been a licensed real estate professional for over 20 years. I speak to you today wearing two hats. In addition to helping my clients achieve the American Dream of owning a home, I am also responsible for 97 residential rental units across Central Ohio, which are owned by my family.

I appreciate the opportunity to speak in strong support of amendment 3368-3 to House Bill 430. The amendment would clarify and expand upon a current statute to expressly preempt rent control and rent stabilization measures in Ohio. Currently, 31 other states have a rent control exemption.

Conceptually, capping the amount a landlord can charge in rent seems like a good idea. However, the results of rent control have proven to be devastating to the housing market. Multiple studies and reports have shown that rent control policies decrease housing supply, increase housing prices, and most notably hurt the people the policy is supposed to help.

Rent control exists only in a few parts of the country including California, Oregon, Minnesota and New York. It is no accident these communities have some of the most expensive housing in the nation. According to CNBC San Francisco and New York City now have the most expensive rent in the nation. Both cities have enacted strict rent control measures for several years¹.

We only have to look at the most recent example of rent control enacted by a ballot initiative in St. Paul, Minnesota to see the immediate devastating effects of rent control. In November 2021, a ballot initiative to implement rent control in St. Paul was passed. Immediately after the initiative was approved, multiple apartment developers placed calls to the city's director of planning and economic development saying they were placing apartment projects on hold. Within three months after passage of rent control, data shows that multifamily building permits filed in St. Paul were down over 80 percent from the previous year.

In a March 2022 study completed by the University of Southern California, Marshall School of Business and the National Bureau of Economic Research (NBER), it was found that in St. Paul quite literally overnight both owner-occupied homes and rental properties lost 6-7% of their value, equaling a \$1.6 billion aggregate loss². In this hot market, that is unheard of and we fear the property value decline in St. Paul could be even greater now than it was in March.

¹ [25 most expensive U.S. cities to rent an apartment \(cnbc.com\)](https://www.cnbc.com)

² [delivery.php \(ssrn.com\)](https://www.ssrn.com)



Additionally, the same report found the group who most benefited from the rent control policy in St. Paul were higher income renters. Supporters of rent control contend their goal is to help lower-income renters, however this study proves the opposite to be true. Higher income individuals have access to information and resources more readily than lower income renters. They obtain the controlled units because they know about them earlier than anyone else.

In a 2017 study produced by three Stanford economists, they examined rent control policies in San Francisco³. It was found that rent control policies actually expedite gentrification. Housing providers when faced with government-imposed rent caps, will either convert their rental units to condominiums or sell their units to investors and developers who will then convert to condominiums. This led to a 15% reduction in rental housing since rent control was implemented in San Francisco, resulting in \$2.9 billion in losses to renters as they were forced to find scarce, higher priced housing. The increase in housing costs simultaneously attracted higher income residents and led to the displacement of some lower-income constituents. Inarguably, rent control has contributed to the widening income inequality in San Francisco.

In Portland, Oregon state-wide rent control was enacted in early 2019. A March, 2022 study conducted by ECONorthwest found that the Portland Metro area lost 6,417 or 10% of all single-family detached rental units between 2017 and 2020⁴. This is due to “mom and pop” owners choosing to sell their investment properties as rent caps made it harder for them to maintain the property or realize a profit.

A recent study in Illinois had similar findings. Anderson Economic Group completed an economic analysis of the impacts of rent control *if* implemented in Chicago. The report found there would be a 10% decrease in the rent controlled rental units between 2019 and 2029 due to rental owners converting units to condominiums. The study also concluded after that same ten-year period, owner-occupied condominiums in Chicago would decline in value by \$2.8 billion.

In addition to inventory shortages and subsequent price increases, existing apartments fall into disrepair. When a housing provider cannot make a return on their investment, they are unable to afford maintenance, or updates to properties. Not to mention the property owner may not be able to cover their mortgage payments, taxes, utilities, and insurance if they cannot charge an appropriate rent that meets market and financial demands. With the cost of housing materials needed for renovations and repairs up more than 19% since this time last year, the burden on the rental property owner would be severely strained⁵.

The housing stock’s decline is not just a landlord’s problem, however. Just as the St. Paul study proved, rent control contributes to property value decline due to disrepair and dilapidation. The properties produce less taxes and this means communities and schools have less revenue to use for public services and education.

It's no secret that Ohio has crisis-level housing shortages across the state. A recent study conducted by Rosen Consulting Group, looking at all large markets in the United States with 1-3 million residents, found that Ohio has three cities on the list of the top 10 most underbuilt: Cincinnati, Cleveland and Columbus⁶. Ohio cannot afford to have policies that will remove any type of housing from the market.

³ [The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco | Stanford Graduate School of Business](#)

⁴ [Portland Metro-Detached Housing Rental Stock Analysis-Updated Report-3-25-22_002_.pdf \(noviams.com\)](#)

⁵ [Building Materials Prices Up More Than 19% Year over Year - NAHB](#)

⁶ [Housing Is Critical Infrastructure \(nar.realtor\)](#)



Ohio has significant economic development opportunities coming in the very near future. Intel will build the world's largest chip manufacturer, creating roughly 10,000 jobs in Central Ohio in the coming years. The area already has record low housing inventory, including both single family homes, condos, apartments and affordable housing units. We need more housing. Rent control policies, while well-intentioned, would destroy any hopes for new housing development and exacerbate the housing affordability crisis, hurting your most vulnerable constituents, not only in Columbus, but in any city it touches.

Ohio REALTORS strongly supports the amendment, and we respectfully ask for your vote on this important measure to protect private property rights, ensure housing continues to be developed, and help all Ohioans secure affordable living spaces. I would be happy to answer any questions you may have.