

Rent control is in the news, and I would like to speak to you on the negative effects rent control will have on a city like Long Beach.

Over the last 20 years the City of Long Beach has partnered with property owners in an effort to reduce blight and clean up the City. The City initiated improvement corridors, such as the 4th street development zone. This helped owners make improvements to their properties, therefore uplifting the area : graffiti is continually being erased, security bars are being removed, restaurants and terraced cafés are built, and the overall looks are being enhanced. As a result, those areas now attract a participating audience, which is happy to live and ~~spend~~ *contribute* ~~in that area.~~ *to the economy in the area.*

Rent control will reduce rental income, and consequently fewer funds will be available for improvements. As a result, the positive improvement and the development trend will reverse, and blight will return in full force.

With rent control, there will also no longer be an incentive for owners to improve their properties. Since the cost of improvements can no longer be balanced with adequate rental income, there will no longer be competition among property owners to offer tenants a better product.

To the contrary, with fewer funds to maintain properties in a “pride-of-ownership” condition, owners will be looking at reducing cost instead. As a result, the quality of housing will go down, reversing the positive and beneficial trend Long Beach has worked so hard to achieve over the past 20 years.

Unfortunately, as in many rent-controlled cities, the relationship between property owners and the City may turn from collaborative to adverse.

Rent Control will not solve the affordable housing crisis either.

As controlled rents are typically below market rent, rent control will attract renters from non-rent-controlled neighboring communities. This will increase the shortage of housing in rent-controlled areas.

Meanwhile, residents in rent-controlled apartments who no longer need space after their children move out will have no incentive to find a smaller space. They

will continue to occupy space that they do not need because it is cheaper for them to stay instead of moving. This will lead to reduced availability for those who need it most. This inefficient use of space will cumulatively withdraw valuable space from the market.

Likewise, renters whose jobs relocate to a non rent-controlled neighboring community will have no incentive to move there as it will be more expensive. This will also reduce the available rental pool in rent-controlled areas.

As rental income diminishes, owners will look for higher yields on their properties, and turn to options providing higher returns such as condo conversions. This will also reduce availability of rental properties.

Likewise, when the return of investment of ownership is reduced, new development and redevelopment will slow down. Developers will look to invest in non-rent controlled areas instead.

As we see, rent control will spur demand while reducing available space for those who do need it, making the situation much worse.

Finally, the burden of providing affordable housing should be borne by the entire community, not just property owners who will be asked to foot the bill in the form of rent control.

There are better ways to provide affordable housing. The City needs to continue working with developers and owners, by providing development stimulus, not taking the stimulus away. The City also needs to reduce the burden of the development process.

Rent control will not alleviate the need for affordable housing. Continued development and construction is needed instead.

Thank you for listening.