

The Committee of 100

on the Federal City



Testimony in Opposition to
B23-0530, “Rent Stabilization Affordability Qualification Amendment Act of 2020”
September 24, 2020
Andrea Rosen, Trustee

I am Andrea Rosen, testifying on behalf of the Committee of 100 on the Federal City. Thank you Chairperson Bonds and Committee members for the opportunity to testify.

In brief, the Committee of 100 opposes B23-0530 because:

- Means testing is inconsistent with the statutory purpose of rent stabilization, i.e., to help low- and moderate-income tenants stay in their homes when their incomes do not keep pace with housing costs. Indeed, rent stabilization provides a significant amount of housing for people who are above subsidy levels but cannot afford market-rate housing.
- Means testing would reduce the constituency for rent stabilization and thus would undermine political support for the program.
- Means testing is offered as a solution to a problem that has not been substantiated: that rent-stabilized units are unfairly hoarded by tenants who can afford market-rate units. It’s telling that property owners have asked for it repeatedly; renters and tenants’ advocates have not.
- Under means testing, the apartment chooses the tenant, so units with rents approaching market rate will still be off-limits to moderate- and low-income tenants; yet, means testing does not remove property owners’ incentives for “trading up” to gain tenants who can pay higher rents, and thus it does not address forces for displacement.
- Government and property owners may view means testing as a step toward diverting many more stabilized units to tenants with vouchers, exchanging one population of housing-vulnerable people for another. Meanwhile, the inventory of affordable housing is not enlarged – even as private landlords enlarge their profits at public expense.
- Property owners may argue that because the ostensible purpose is to replace housing-burdened renters with more extremely housing-burdened renters, means testing would make actual reforms unnecessary. We disagree.

As my fellow C100 member David Marlin has written, “the Committee of 100 considers the rent stabilization program a vital program to maintain and preserve stable rental accommodations with predictable and controlled rent increases.” Even if the four other rent-stabilization reform bills under consideration today were passed, they do not fully protect tenants from a variety of actions that property owners currently take to continuously raise rents.

We support a comprehensive package of reforms that work together to strengthen the rent stabilization law and staunch abuses of it. ***The Reclaim Rent Control Coalition’s platform, as expressed in B23-0873, the Rent Stabilization Program Reform and Expansion Amendment Act of 2020, provides the basis for a hearing to achieve this purpose.*** Thank you, Chairperson Bonds, for announcing your plan to schedule a hearing on the Omnibus bill on November 5. We hope it will be voted on this year.

In greater detail:

What is the purpose of rent-stabilization?

Based on the finding that “[t]he cost of basic accommodation is so high as to cause undue hardship for many citizens of the District of Columbia,”¹ the first-listed statutory purpose of rent stabilization is “To protect low- and moderate-income tenants from the erosion of their income from increased housing costs.”² As the pandemic has taught us, housing stability is crucial to personal health and thus to public health. Stability depends upon reasonable and predictable changes in housing costs.

Who would benefit from means testing for rent-stabilized units?

Historically, social benefits have been conferred on the many rather than the few to enlarge the constituency for those benefits and protect them from the efforts of some who would eliminate them for gain. Examples are Social Security and Medicare -- for which means testing repeatedly has been rejected — and rent stabilization. While rent stabilization in DC has been reauthorized every decade since its inception in 1975, means testing has never been adopted. Property owners have asked for it repeatedly; renters and tenants’ advocates have not.

The most frequently aired argument for means testing is that people in stabilized units who can afford market-rate rentals are usurping the places of low-income people. Neither the government nor property-owners have data to support this contention. And without dependable data detailing the inventory of rent-stabilized units, their rents, and their occupants, any actions altering the purpose of the law are premature. Moreover, common sense suggests that the claim that well-paid residents, who have their pick of an ample supply of new, high-priced rentals offering the amenities lacking in older residences, are depriving people of modest or little means of these units, is likely a canard.

As this bill is currently drafted, means testing does not displace current residents, but defines who may succeed them. Thus neither the anecdotal well-off resident, nor the modest-means resident who wouldn’t meet the means test, can be jettisoned for someone of **more** limited means. At the same time, means testing does not remove the incentives a property owner presently has to force or entice tenants paying low rents to move, so that the owner can trade up to tenants who pay more. We anticipate that means testing will continue the kind of displacement we’ve seen under the current rent-stabilization law.

The means-testing bill proposes a means test only for applicants; there is no recurring test for tenants who have once qualified. So tenants who prosper so that their earnings exceed the incomes by which they were initially accepted may remain in the building. While stability is desirable, over the long term, how does means-testing alter the situation its proponents claim it is meant to correct?

Under the provisions of this bill, an applicant's income does not dictate the cost of the means-tested rent-stabilized apartment; rather, the apartment's rent dictates the applicant. For example, a unit that is currently renting at or near market rent -- a one-bedroom renting for \$2,200/month -- may only be rented, under means-testing, to a household earning an adjusted gross income of less than \$11,000 a month, or \$132,000 over the prior year. The proposed provision doesn't rule out the household earning \$40,000 or \$23,000, but is it likely that lower-income applicants will be successful?

Of course the Housing Authority currently provides tenant vouchers that enable lower-income residents to live in rent-stabilized units that they could not otherwise afford. The “fair-market” rates that the DC government pays for units rented to voucher holders can exceed what property owners can charge for the same units under rent stabilization. This incentivizes some owners to favor voucher holders over other renters. Market-rate rents are paid with public dollars, and units are removed from the stabilized inventory for the duration of the tenants’ occupancy.

¹ DC Code §42-3501.01

² DC Code §42-3501.02

We are concerned that the government and property owners may see means-testing as a step in diverting many more stabilized units to this use, exchanging one population of housing-vulnerable people for another, while the inventory of affordable housing is not enlarged even as private landlords enlarge their profits at public expense. **Does the Committee on Housing and Neighborhood Development envision means testing for rent-stabilized units as a way to convert rental units to subsidized dedicated-affordable units in order to meet the Mayor's affordable housing targets?**

As we have seen with the many changes to the rent stabilization program, the private market instinctively looks for opportunities to overcome limitations on rent increases in order to make more profit. Rent control is essential to protect people of a range of incomes from rapidly escalating rents that force them to pay more than they should for housing. We should not pass laws decreeing that rent stabilization is only good policy for low-income people.

There is an affordable housing crisis in the District, but the way forward is to provide a lot more affordable units for the majority of residents who cannot pay the exorbitant prices being set by "the market." Depleting existing housing makes no sense. Building a lot more expensive housing hoping that one day it will be affordable also makes no sense.

And finally, has the cost of implementing, overseeing, and enforcing means testing been calculated?

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