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February 23, 2022

*Via email*

Montgomery County Executive Marc Elrich  
101 Monroe Street, 2<sup>nd</sup> Floor  
Rockville, MD 20850  
Marc.Elrich@montgomerycountymd.gov

Montgomery County Council  
100 Maryland Avenue, 5<sup>th</sup> Floor  
Rockville, MD 20850  
Attn: Council President Gabe Albornoz  
Gabriel.Albornoz@montgomerycountymd.gov

Re: Rent Stabilization at 0.4%

Dear County Executive Elrich and President Albornoz,

I am writing on behalf of the 48 undersigned Montgomery County apartment communities and 14 multi-family owner/developers/managers to request your emergency support of our County's struggling multi-family businesses. We are a diverse group representing many different economic sectors of the commercial real estate industry, with our own unique challenges operating in this County.

There are over 100,000 rental units in Montgomery County, all of which have been subjected to rent control for twenty-nine (29) months (April 2020 - August 2022). We appreciate the good intentions of passing legislation to help residents through the COVID-19 pandemic. However, the rent stabilization component of Bill 30-21 has no causal nexus to pandemic-related harm. There is no means testing, financial qualification, or even proof that a tenant has requested rent relief. Instead, the wide-sweeping measure has disproportionately benefited the wealthy in the County, while failing to move the needle for those in need.

While the rest of the Country pivots to COVID recovery, the County has imposed a draconian 0.4% limit on rent increases, using the "voluntary rent guidelines" (which are now mandatory) of regional rent CPI. The CPI is fatally flawed. The 2021 rents throughout this region were artificially depressed by wide-spread rent stabilization legislation, and do not reflect market realities. Our fixed costs and operating expenses (insurance, energy, labor, maintenance, and

capital expenditures) have trended with the full Regional CPI closer to 6.0% (the largest increase in twelve years). Thus, the existing CPI methodology should not be used to create a voluntary rent guideline, let alone to serve as the basis for rent control.

Additionally, rent stabilization (even in the short term) creates damaging and long-lasting impacts on the local economy. We are aware of the County's initiatives with respect to creating new Building Energy Performance Standards ("BEPS"). The BEPS proposal includes recommendations for retrofitting existing housing stock with electric forced-air heating, amongst other things. It is not feasible for property owners to navigate increasing expenses, ballooning capital and retrofit expenses, without any ability to share these costs with our end-user tenants, or in the alternative, without assistance from the County.

We do not make decisions in a vacuum, and we are not all large owners with unlimited resources. We answer to our investors, lenders, and development partners, who are finding it increasingly difficult to underwrite new multi-family investment in Montgomery County given the high costs of doing business and the unfavorable and uncertain legislative climate. By creating arbitrary rent controls, and an uncertain investment environment, investment in new housing projects in the County will come to a halt. This puts the County's affordable housing goals in jeopardy.

Housing cannot be sustained as an involuntary public-private partnership, where the public retains all the benefits and housing providers carry all the burdens. Please consider the very real hardships facing our industry and cease broad-stroked legislation that hampers our ability to continue to invest in Montgomery County.

Currently, Bill 30-21 ends on May 15, 2022, but it does not effectively sunset until August 15, 2022, under the burdensome 90-day notice periods. We ask that the bill ends when it is supposed to – and that: (i) the 90-day notice period for rent increases be shortened to a more reasonable 30-day notice period; and (ii) we be allowed to send 30-day rent increase notices by April 16, 2022, so that we may notify tenants of reasonable rent increases in a timely manner upon expiration of the bill.

Regards,



Suzanne D. Hillman

**On Behalf Of:**

8200 Wisconsin  
7000 Wisconsin (under construction)  
Aldon Management  
Axiom Apartments

Bernstein Management Corporation  
Brookfield Properties  
Carr Properties  
Chase Manor Apartments



Claridge House  
Corrigan Square  
Damascus Gardens  
Excelsior Communities  
Flower Branch Apartments  
Gallery Bethesda I/II  
Georgia West  
Glenmont Forest  
Glens on Battery Lane  
Goodacre Apartments  
Governor Square Apartments  
Grady Management  
Halpine View  
Hampshire West Apartments  
Kay Management Company  
Knights Bridge II  
Lenox Park Apartments  
Londonderry Apartments  
Middlebrook  
Miramont Apartments  
Montgomery Club  
Nob Hill Apartments  
Palisades of Bethesda  
Parkside Terrace  
Pine Ridge Apartments  
Residences at RIO  
Seneca Club Apartments  
Silver Spring Towers  
Small Multifamily Owners Association (SMOA)

Solaire 8250 Georgia Ave  
Solaire 8200 Dixon Ave  
Solaire 1150 Ripley St.  
Solaire 10914 Georgia Ave  
Solaire 7077 Woodmont Ave  
Solaire 7607 Old Georgetown Rd  
Southern Management Companies  
Starr Capital  
Summit Hills Apartments  
Summit Crest Apartments  
Thayer & Spring  
The Chateau  
The Chevy Chase Land Company  
The Donohoe Companies, Inc.  
The Elm Bethesda  
The Grand  
Triangle Towers  
Twin Towers Apartments  
Village Square Apartments  
Village Square West Apartments  
Washington Property Company  
Waterford Tower  
Wayne Manchester Towers Apartments  
White Oak Towers Apartments  
Woodfield Investments

