



# Gaithersburg-Germantown Chamber of Commerce, Inc.



Honorable Evan Glass, Esq.  
President  
Montgomery County Council  
Stella B. Werner Council Office Building  
100 Maryland Avenue  
Rockville, MD 20850

July 16, 2023

Dear Council President Glass and Members of the County Council,

I'm writing on behalf of the Gaithersburg-Germantown Chamber of Commerce (GGCC). Since 1949, the GGCC has continued to evolve to meet the challenges of today's business leaders and our community. We currently represent over 460 businesses located in, or doing business in, the Upcounty. I am writing in followup to our original budget testimony with specific regard to the proposed rent control legislation.

Part of our Chamber's mission is to advocate for efforts that enhance the business environment, quality of life, and well-being of our unique communities. This is why I am compelled to comment again, specifically about the rent control issue, to amplify the concerns you have received in correspondence from the City of Gaithersburg and some of our business members, specifically Leigh and Peter Henry, who have developed housing in the Upcounty and in the region.

The GGCC recognizes that people in Montgomery County need access to quality, accessible housing. In order to expand the economy and build jobs, employers need to be able to attract employees to the County. In order to attract employees, housing must be attainable. It's well documented that Montgomery County is facing a significant housing shortage. We, like others you've heard from, are concerned that amended Bill 15-23 will do the opposite that you intend for the housing market. Instead of providing opportunity for attainable housing, we will see damage to the housing market, reduced investment in new housing development, deterioration of existing rental options, and consequential damage to the local economy. Furthermore, we'll observe investment in our communities move to nearby jurisdictions, as cited in the letter from the Henrys.

Numerous studies already cited in testimonies provided throughout your debate, and in correspondence from the City of Gaithersburg, and in local reporting, such as in Montgomery Perspective, identify the adverse economic impacts that rent control policies would have. The City of Gaithersburg's letter to you summarizes those studies well:



*Numerous studies identify rent control policies' adverse economic effects. Rebecca Diamond, an Associate Professor of Economics at the Stanford Graduate School of Business, states "In the long run it decreases affordability, fuels gentrification, and creates negative spillovers on the surrounding neighborhood." Albert Saiz, Associate Professor of Urban Economics & Real Estate at the MIT Center for Real Estate, said, "The evidence is very clear that rent control doesn't work the way it's intended to work." According to the Economic and Fiscal Impacts of Rent Control Legislation in Montgomery County, Maryland, prepared by the Regional Economic Studies Institute at Towson University in 2015, "Rent Control would result in reductions in the property values of existing multifamily buildings and would, in turn, significantly decrease County property tax revenues and income tax revenues paid by building owners residing in the County. Additionally, many planned multifamily and mixed-use projects would not be developed, resulting in further losses of tax revenues and jobs."*

If investment in our communities declines, and new housing developments are not constructed, and existing housing developments decline in value, then impact tax revenue and property tax revenue will also decrease. You have already passed a 4.7% property tax rate increase, with more likely to follow next year. How much more will you need to raise our residents' property taxes to cover the inevitable decreases in tax revenue due to the rent control legislation?

In conclusion, our residents and business owners cannot afford the increased costs and economic harm this legislation will cause. Please do not pass Bill 15-23 as amended. Thank you for your consideration.

Sincerely,

Paula Ross  
President & CEO  
[pross@ggchamber.org](mailto:pross@ggchamber.org)