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**Connecticut General Assembly**

Housing Committee  
State Capital  
Hartford, CT 06106

Dear Honorable Members of the Housing Committee,

I am writing in strong opposition to HB06588. I have been a licensed real estate agent in Connecticut since 2017. I am not a landlord or tenant myself, yet I have worked with many investors, landlords, and tenants and my experience tells me that this bill would exacerbate the current housing challenges we have in this state, while also diminishing property values.

**Reasons for opposition:**

1st: **Rental rates are already stabilizing.** Because there were practically no evictions for a year and a half, the supply of vacant apartments was limited, and therefore rents increased. In the last year I have seen units in the same building rent for the same amount at the end of 2022 as they did in the beginning.

2nd: **We have very old housing stock in CT.** Many properties are being rehabbed and improved that hadn't been touched in decades because investors are spending money to improve them now based on the expected fair-market rents they could achieve once improved. By putting an artificial cap on those rents, we will limit outside investment (and therefore lower the potential income for all of the other ancillary businesses that rely on that business activity (Realtors, contractors, and tradespeople to name a few)).

3rd: **Owners will increase rates sooner than they normally would.** Many landlords don't touch rents for their existing tenants for years as a way of making sure tenants stay. They know that turnover is expensive. If they know they can only adjust rents a certain small amount every year, they will likely automatically increase it every year. If they do not, they may be in a situation where they won't be able to sell their property in the future for its highest value because the next owner will not be able to adjust the rents to meet the market rate.

4th: **When locked-in to a lower-than-market rental rate, tenants are less likely to move when they otherwise should.** Be it due to domestic issues, changing family size, or work opportunities in

another area. This only creates less vacancy, and less-than-optimal use of the housing stock. I would argue this also contributes to homelessness.

**5th: Restrictions placed on a property owner's profitability will make them more selective in their screening.** As it stands, if an applicant has an eviction or criminal record, a subprime credit score, or income less than 3X the rent, they already have an uphill battle to get into a quality rental unit. I can see landlords becoming even more selective if the potential upside is limited when taking a chance on an applicant with a less than perfect record.

**6th: Rent caps will limit the marketability of properties in CT.** Property values in CT had been relatively stagnant for over a decade until the pandemic. Increased property values and investment in CT has seen increased revenue for towns across the state. If the potential for a return on investment is restricted, sale prices will go down, transactions will go down, and therefore much needed property tax revenues for towns will decrease. We may even see foreclosures increase as values decrease, and landlords are unable to sell their properties for the future value they expected.

**Alternative solutions to increase rental housing affordability:**

**1st: Decrease timelines and costs for just-cause evictions to lower costs for landlords and thereby loosen tenant requirements.**

**2nd: Use CHFA or other creative financing programs to incentivize the building of more housing stock, which will help address demand and naturally decrease rents.**

Thank you for considering my testimony, and I am available for any follow up questions or discussion.

Sincerely,

Allan L. Smith

Rocky Hill, CT