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**Illinois House Judiciary Civil Committee  
Commercial Law Subcommittee**

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**Rent Control – HB 255; HB 2192; HB 3207**

Michael J. Mini, Executive Vice President

Good morning Chairman Thapedi and members of the subcommittee. My name is Michael Mini, and I am the Executive Vice President of the Chicagoland Apartment Association. The CAA is an affiliate of the National Apartment Association and we represent owners and managers of over 1200 apartment properties and 200,000 rental units in the Chicagoland region and throughout the state. Our members own and manage all types of rental apartments including market-rate, affordable, student, and senior housing. I appreciate the opportunity to participate in today's hearing on rent control legislation.

The CAA recognizes that housing affordability is a significant challenge facing many Illinois residents. The number individuals and families renting their homes has grown in recent years. Unfortunately, the supply of new apartments is falling short of demand. Research shows that the Chicago Metro market alone needs to add 48,000 new units by 2030. **The housing affordability problem can only be resolved by increasing the number of new apartments and maintaining the supply of existing rental units.**

Constructing new apartments is difficult and builders face many barriers. The high cost of land, construction, capital, and building codes, combined with restrictive zoning laws, excessive government regulation and NIMBYism, results in depressed development of market-rate and affordable apartments. Addressing housing affordability requires a partnership between the private sector and government, which has a tool box of approaches they can utilize to support affordable housing production. CAA is committed to working with policy-makers at all levels of government to explore and implement policies and programs to help fix the affordable housing problem.

While proponents of rent control view it as a quick fix to gentrification and displacement, housing policy experts and economists from across the political spectrum overwhelmingly oppose it. According to a poll by the American Economic Review, a resounding 93 percent of economists agree that a ceiling on rents reduces the quantity and quality of housing availability. A 2017 Stanford University study concluded, **“Rent control has actually fueled the gentrification of San Francisco, the exact opposite of the policy’s intended goal.”** It resulted in increased rents and fewer affordable units. A study of the economic impact of rent control in New Jersey demonstrated that rent control “adversely affects municipal finances by lowering the assessed value of apartments, disincentivizes reinvestment in the rental housing

stock, reduces economic activity, eliminates jobs, and shifts the property tax burden to homeowners.”

That’s why Illinois is one of over thirty states that currently have some form of rent control pre-emption statute in place, and why it’s critical that Illinois maintain its Rent Control Pre-emption statute.

Price controls on rent negatively impact the housing market by deferring maintenance of existing housing and discouraging construction of new housing. Owners of rent controlled units are unable to adequately maintain and upkeep properties, expediting deterioration and diminishing value, causing disinvestment, conversion to condominiums or other uses. When this decrease in rental housing stock coincides with increased demand, it leads to increased costs for all renters.

Rent control will impede construction of new market rate and affordable apartments. By constraining rents, the controls reduce expected rental income and return-on-investment, increasing the financial risks associated with new projects. Owners would be unable to adjust rents to offset unexpected building or operational costs. The higher risks would make it more difficult for builders to secure credit. As a result, this lack of new construction would result in the loss of a significant number of union jobs in the construction and trades industry.

Rent control places a burden on local governments. The reduction in property values that results from rent control leads to a decline in property tax revenue. The revenue decrease occurs while government expenditures increase as new bureaucracies are created to administer and enforce rent control regulations.

Rent control typically fails to protect those residents it was intended to help, and its effects are poorly targeted. It discourages residents from moving despite their economic situation. A better solution to aid low-income renters is to provide rental assistance directly to the consumer, which would allow prospective residents to choose housing that fits their needs.

In conclusion, we believe the affordable housing problem is an issue of supply and demand, and the best way to solve it is to create more affordable apartments. Rent control is not the answer, and we urge the General Assembly to reject efforts to overturn the Rent Control Pre-emption Act and any other legislation to enact rent control or rent regulation programs. We are committed to working with local, state and federal policymakers to develop and implement alternative approaches to prevent gentrification and displacement and expand the supply of affordable housing.

On behalf of CAA, thank you for the opportunity to testify.