Landlord-Tenant Panel: Fostering Fair Solutions

Welcome to this panel addressing key issues between landlords and tenants. Our goal is to promote collaboration and develop balanced legislation benefiting all parties.

Productive Dialogue Assumptions

Responsible Majority

Most landlords and tenants are responsible. Policies should reflect this majority.

Economic Challenges

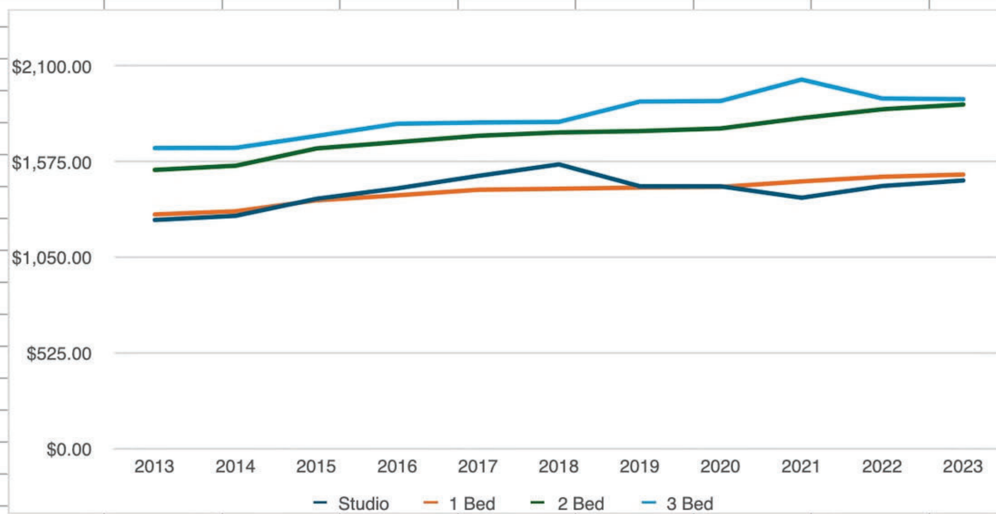
Inflation and rising costs impact both sides, straining budgets and operations.

Mutual Understanding

Recognizing shared challenges can help build balanced policies for all.

There are **161,721 renter households in Rhode Island**, paying a typical rent of **$1,142** per month. This according to the Eviction Lab, a Princeton University team of researchers that has been studying eviction data nationally with their first report filed in 2000, 24 years ago.

	Year												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change In $	Change In %
Studio	$1,253.69	$1,276.46	$1,369.94	$1,427.03	$1,495.55	$1,558.64	$1,438.52	$1,438.38	$1,375.51	$1,440.03	$1,470.25	$216.56	17%
1 Bed	$1,283.93	$1,301.32	$1,361.23	$1,388.86	$1,419.39	$1,424.91	$1,431.53	$1,434.93	$1,465.15	$1,490.72	$1,502.75	$218.82	17%
2 Bed	$1,528.37	$1,551.14	$1,646.17	$1,680.67	$1,715.60	$1,733.79	$1,741.37	$1,755.72	$1,812.62	$1,861.07	$1,887.25	$358.88	23%
3 Bed	$1,648.07	$1,649.33	$1,714.60	$1,781.63	$1,788.14	$1,791.78	$1,903.27	$1,906.35	$2,023.98	$1,920.04	$1,916.50	$268.43	16%



Source: RIHousing

FRED Graph Observations
Federal Reserve Economic Data
Link: https://fred.stlouisfed.org
Help: https://fredhelp.stlouisfed.org
Economic Research Division
Federal Reserve Bank of St. Louis

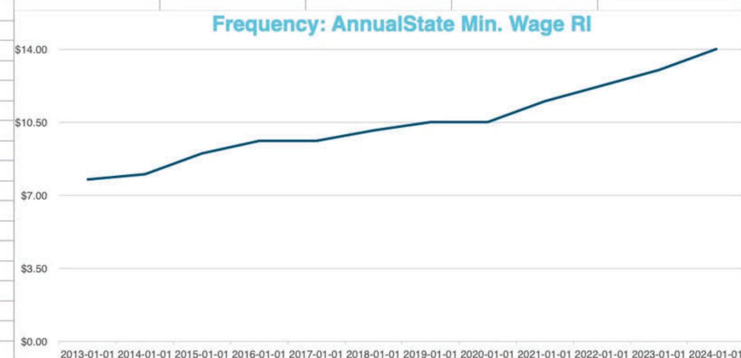
State Minimum Wage Rate for Rhode Island, Dollars per Hour, Annual, Not Seasonally Adjusted

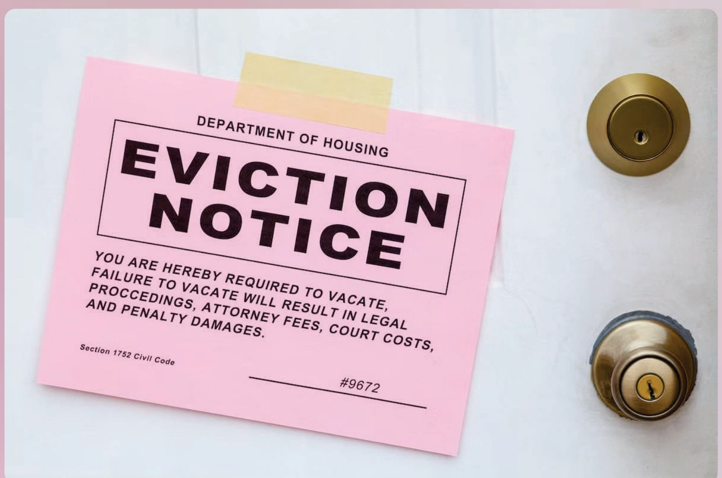
Frequency: Annual

Year	State Min. Wage RI	Change In $ Amount	Change As A %
2013-01-01	$7.75		
2014-01-01	$8.00		
2015-01-01	$9.00		
2016-01-01	$9.60		
2017-01-01	$9.60		
2018-01-01	$10.10		
2019-01-01	$10.50		
2020-01-01	$10.50		
2021-01-01	$11.50		
2022-01-01	$12.25		
2023-01-01	$13.00		
2024-01-01	$14.00	**$6.25**	**81%**

	RI	National Average
Bureau of Labor Statistics Average Hourly Wage In RI	$24.77	$22.33
Average Annual Salary In RI	$51,521.60	$46,238.40
% of Gross Salary As A Percentage of Rent - 1 Bedroom Apartment In RI	35%	

Source: St Louis Federal Reserve





Just Cause Eviction Overview

1 **Definition**

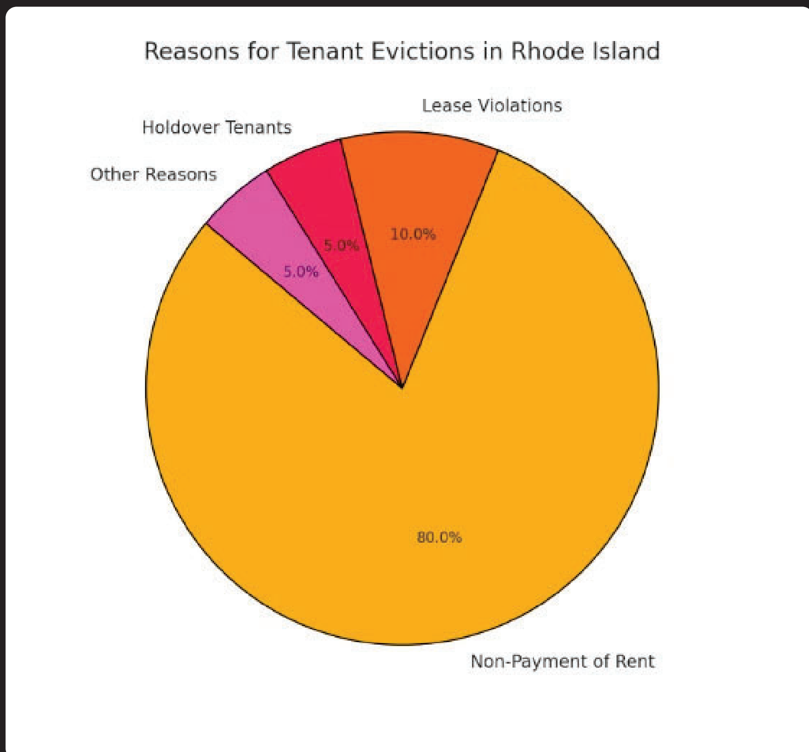
Just Cause Eviction restricts landlords' ability to terminate leases without specific reasons.

2 **Eviction Data**

Only 20% of Rhode Island evictions are **NOT** non-payment related, per RI Housing data.

3 **Key Question**

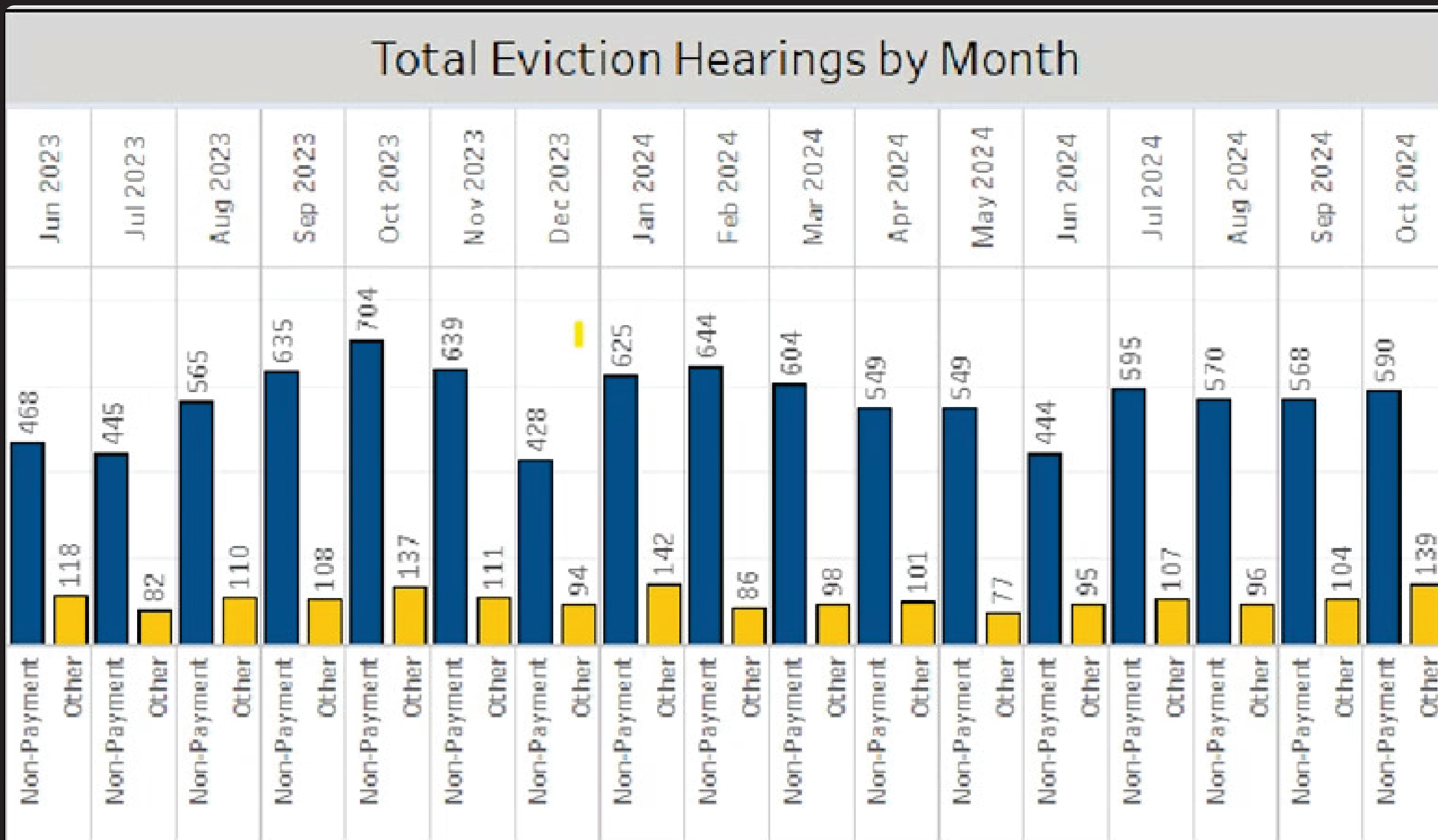
Why enact sweeping restrictions for a small subset of cases?



FACTS

80% Evictions => Non-Payment of Rent

20% Evictions => Other "Reasons"


Total Eviction Hearings by Month
Jun 2023
Jul 2023
Aug 2023
Sep 2023
Oct 2023
Nov 2023
Dec 2023
Jan 2024
Feb 2024
Mar 2024
Apr 2024
May 2024
Jun 2024
Jul 2024
Aug 2024
Sep 2024
Oct 2024
468
118
445
82
565
110
635
108
704
137
639
111
428
94
625
142
644
86
604
98
549
101
549
77
444
95
595
107
570
96
568
104
590
139
Non-Payment
Other

Risks of Just Cause Eviction

Reduced Market Flexibility

Restrictions on reclaiming property for personal use or renovation.

Decreased Housing Supply

Landlords may leave the rental market due to restrictive eviction laws.

Higher Rental Prices

Supply limitations combined with demand pressures push rents higher.

Increased Costs

Added procedural and legal expenses for landlords.

Negative Impact on Property Values

Challenges in rental investment reduce property attractiveness.

Reduced Property Maintenance

Landlords reluctant to invest without eviction flexibility.

Reduced Incentive for New Development

Developers avoid new rental projects in restrictive areas.

Impacts of Reduced Rental Market Flexibility

1. **San Francisco, CA**

   Difficulty reclaiming units for personal use; landlords keep units vacant or sell.

2. **Berlin, Germany**

   Tenant protections led to conversion of units into short-term rentals.

3. **Oakland, CA**

   Landlords struggle with non-compliant tenants and exit the market due to restrictions.

Impacts of Decreased Housing Supply

1

Santa Monica, CA

Strict tenant laws led to conversions of rental units into condos.

2

Toronto, Canada

Tenant protections resulted in reduced rentals, as landlords moved to condo conversions.

3

Barcelona, Spain

Shift to tourist rentals reduced availability of long-term rental options.

Impacts of Higher Rental Prices

New York City, NY

Landlords set higher initial rents to counter potential future losses.

Los Angeles, CA

Limited rent adjustment flexibility led landlords to start with higher rents.

Paris, France

Tenant protections resulted in higher rents, particularly in high-demand areas.

Impacts of Increased Administrative and Legal Costs

City	Impact
Oakland, CA	Increased legal fees and paperwork complexities for landlords
New York City, NY	Small landlords face financial strain due to documentation requirements
Cambridge, MA	Administrative costs discourage some landlords from continuing in the rental market

Impacts of Reduced Property Maintenance

1. **Los Angeles, CA**

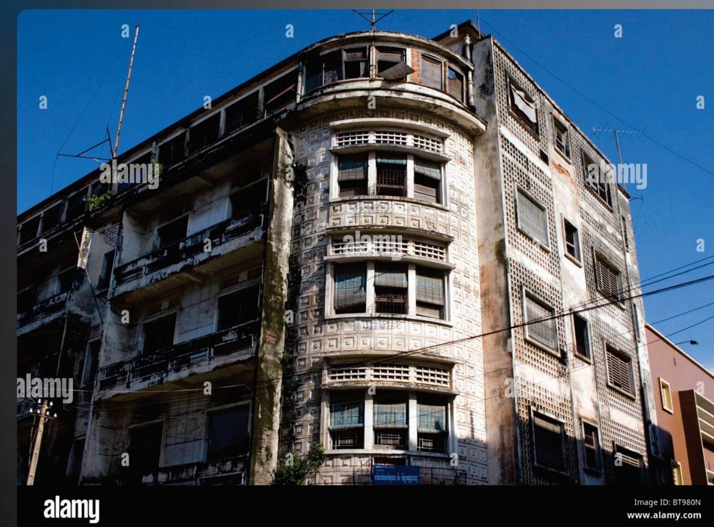
   Landlords reduce upkeep investments due to restrictive eviction policies, risking property quality.

2. **Oakland, CA**

   Reluctance to improve properties if eviction rules prevent addressing tenant-caused issues.

3. **San Jose, CA**

   Property deterioration in low-income areas where landlords have thinner margins.



Impacts on Rental Property Values

Portland, OR

Decreased property values as investors anticipate challenges in property management.

San Francisco, CA

Property values impacted as landlords exit due to restrictive eviction policies.

Montreal, Canada

Lower property values where tenant laws reduce profitability and management flexibility.

Impacts on New Development Incentives

1. **Seattle, WA**

   Developers avoid rental housing due to complex tenant protection regulations.

2. **Barcelona, Spain**

   Focus shifts to luxury housing or short-term rentals to avoid tenant restrictions.

3. **Washington, D.C.**

   New developments slow as builders prefer condo projects over long-term rentals.

Rent Control Concerns

Supply Impact

Rent control often decreases rental stock and pushes rents higher for future tenants.

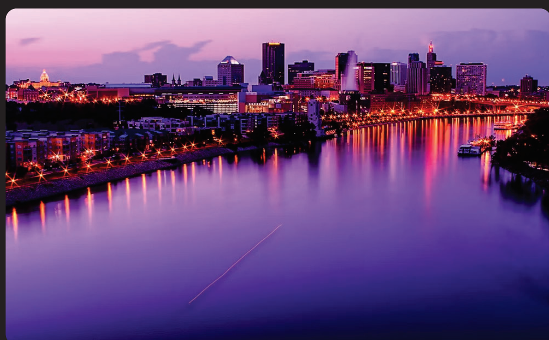
Historical Data

Since the 1920s, rent control has limited supply and increased demand pressures.

Research Findings

Princeton and HUD studies confirm reduced supply and affordability under rent control.

Case Studies on Rent Control Impacts



St. Paul, MN

Property values fell 6-7%; higher-income tenants benefit most from rent control.

San Francisco, CA

Fewer rental options, higher rents, and gentrification occurred.

Cambridge, MA

Repeal of rent control increased property values and spurred new construction.

Rising Costs of Property Ownership

Insurance

25% increase in 2023, with similar projections for 2024.

Taxes

56% increase in Providence property taxes from 2021 to 2023.

Utilities

23% average increase in 2023.

Lead Conformance Certification Challenges

1. **Compliance Burden**

   Rhode Island's older housing stock (80% pre-1978) makes lead conformance costly.

2. **Average Cost**

   Landlords have spent an average of $4,927.60 on lead remediation labor alone.

3. **Inspector Shortage**

   Delays due to inspector shortage raise costs further.

Lead Compliance - Financial Implications

Total Costs

Lead remediation costs for clients reached $272,369 (labor only, excluding materials).

Market Impact

High compliance costs could lead to higher rents or deter property investment.

Potential Solutions

State support or subsidies for lead compliance; simplify inspection processes.

Source: Stonelink Property Management Appfolio Data - 2024 YTD Lead Expenses

Collaborative Policy Solutions

1

Balanced Legislation

Protections for tenants that allow landlords to sustainably manage properties.

2

Incentives

Encourage responsible maintenance and property investments.

3

New Construction Support

Support for new housing construction to help address supply shortages.

Long-Term Goals

Affordable Housing

Ensure well-maintained, affordable housing options for tenants.

Stable Investment

Create an environment that encourages property improvements and new development.

Balanced Market

Foster a housing market that benefits both landlords and tenants.

Panel's Role in Shaping Policy

1. **Balanced Perspective**

   Consider both landlord and tenant viewpoints in policy discussions.

2. **Data-Driven Decisions**

   Use research and case studies to inform policy recommendations.

3. **Collaborative Approach**

   Foster dialogue between stakeholders to find common ground.

Conclusion

- Create Data-Driven Policy
- Focus on policies that are informed by reliable data.
- Aim to serve the widest number of people, benefiting both tenants and housing providers.

- Enforce Existing Policies*
- Prioritize the enforcement of effective regulations already in place.
- Address issues without adding unnecessary new regulations.

- Deregulate to Encourage New Construction
- Remove excessive regulations to spur and encourage new housing developments.
- Proven approach that increases housing availability and affordability.

- It Works!
- Evidence shows that balanced, data-driven, and minimally restrictive policies benefit the housing market and community.

Thank You!

- **Thank You for the Opportunity** - Deep appreciation for the chance to engage in this meaningful dialogue.
- **Gratitude for the Panel’s Formation** - This is a really important step to collaboratively address housing challenges.
- **Optimism for the Future** - Looking forward to a vibrant, healthy housing environment.
- Together, we can create solutions that benefit both housing providers and tenants alike.