

April 24, 2025

Dear Honorable Members of the Committee on Housing and Economic Development,

My name is Justin Giroux and I manage a small company providing residential housing in the Central Maine.

I am writing today to express my profound opposition to Legislative Document 1534.

While we share the goal of ensuring Mainers have access to stable, affordable housing, LD 1534's approach of enabling municipal rent control and restrictive eviction ordinances is counterproductive and fails to address the real economic challenges facing both tenants and housing providers. In my day job as a public school teacher, I've seen pay increases since 2020, but like many Mainers, my actual buying power has decreased significantly due to inflation. The core issue is often that wages haven't kept pace with the rising costs of *everything*, not just rental housing. Singling out housing providers with price controls is misguided and harmful.

My primary concerns with LD 1534 are:

1. **Unsustainable Rent Caps, Economic Consensus, Constitutional Concerns & Negative Impacts (§4460):** Capping rent increases at the lower of CPI or 5% fundamentally ignores the economic reality of providing and maintaining housing. Our costs for property taxes, insurance, heating fuel, skilled labor, and materials consistently outpace these arbitrary limits, especially with central Maine's older housing stock. A single major system failure can wipe out years of potential revenue under such caps. Furthermore, why are housing providers singled out for price controls? Will this legislature also cap municipal property tax increases, insurance premiums, heating oil, building supplies, and plumbing services, at CPI or 5%? Of course not. We all know those businesses would cease operating in Maine or drastically cut services under such constraints. The cost of the underlying assets themselves has also exploded – the price per unit to *acquire* rental property has easily tripled in the last five years in many areas. Rents must reflect these acquisition and operating costs to be sustainable. **It is worth noting that these negative impacts are widely predicted by economic theory; indeed, there is overwhelming consensus among economists across the political spectrum, demonstrated time and time again, that rent control policies reduce the supply and quality of housing and are an inefficient, often counterproductive, way to address affordability.** Imposing these caps discourages maintenance and investment, degrades housing quality, stifles new construction, and reduces property values (as documented in Portland), ultimately shrinking the tax base and shifting more burden onto homeowners. Critically, imposing such stringent controls that prevent property owners from achieving a reasonable economic return and significantly diminish property value raises serious constitutional questions under the Takings Clause of the Fifth Amendment, which explicitly states, **"...nor shall private property be taken for public use, without just compensation."**

By severely restricting the economic use and potential value of private property for a public purpose without providing just compensation, ordinances enabled by this bill risk violating this core constitutional protection, potentially constituting an unlawful regulatory taking. Consider the potential catastrophe if hyperinflation hits – these caps would bankrupt responsible housing providers overnight, making this constitutional issue even starker.

2. **Restrictive and Inflexible Just Cause Eviction (§4460-A):** This provision severely curtails a housing provider's ability to manage their property effectively and ensure a safe environment for all residents. While no good provider wants unnecessary evictions, the narrow definition of "just cause"—compounded by the ability of municipalities to add their *own* definitions—creates massive uncertainty and risk. It makes it incredibly difficult, costly, and time-consuming to remove tenants who, while perhaps paying rent, create hostile or unsafe environments, disrupting the peace and safety of respectful neighbors. **Many housing providers can tell stories about a terrible tenant whose behavior drives other good tenants to move away, yet the provider cannot meet the burden of proof required for a 'just cause' eviction because the remaining tenants understandably fear retribution if they testify.** We risk being legally trapped with problematic tenants, exposing ourselves and other tenants to harm. Furthermore, what happens when we simply want to sell a property? Often, a potential buyer intending to live in the building themselves requires it to be vacant upon purchase. This bill doesn't adequately account for this standard real estate transaction, hindering the ability to sell the company's assets. Revoking the state standard for ending tenancies invites prolonged legal battles and chaos.
3. **Crippling Burden on Small, Local Providers & Unfair Penalties:** LD 1534 disproportionately harms small, local housing companies like ours, which operate on much thinner margins than large, out-of-state corporations. The administrative burden of tracking potentially different ordinances in different towns (§4459), coupled with annual reporting requirements (§4460-C), adds significant overhead. Elevating violations to the level of Unfair Trade Practices (§4460-D) is excessive and creates crippling financial risk for unintentional mistakes in navigating complex new rules. **This bill also uniquely punishes kindness and responsibility.** I know a small provider, a dedicated public servant, who has intentionally kept rents for his long-term, retired tenants as much as 50% below market because he knew they couldn't afford more. This bill destroys the possibility for him to ever reach market rates needed to fund his *own* retirement. It punishes his past generosity. You know as well as I do that large corporate entities are unlikely to be caught in this "kindness penalty"—they typically charge the maximum the market allows. This bill therefore causes minimum disruption to them while potentially devastating small, community-focused providers. The limited exemption for owner-occupied buildings (§4460-B) is arbitrary and fails to protect many small providers structured as LLCs or who don't live on-site. Faced with these pressures, many small players will choose to sell—likely to larger firms—or remove their units from the rental market entirely, decreasing units available to renters.

4. **Ignoring Market Realities & Reducing Mobility:** Proponents of this bill ignore that Maine's rental market has already been stabilizing organically. In our own operations here in central Maine, for example, I'm seeing noticeably less demand recently from the influx of out-of-state remote workers that began in 2020 – a group whose higher earning potential often allowed them to outpay locals and was a significant driver of demand. Many housing providers are seeing longer vacancy periods and are already adjusting or holding rents steady to remain competitive. Imposing artificial controls now is unnecessary. Worse, rent stabilization policies are known to discourage tenant turnover. This "golden handcuff" effect limits housing availability, making it significantly harder for newcomers—young families looking to settle, workers moving for jobs—to find housing in communities with these ordinances. Specifically, this can keep retired individuals or couples renting large 3- or 4-bedroom units they no longer need, preventing families who require that space from finding adequate housing, simply because they don't want to lose a below-market, rent-controlled rate. It stifles mobility and economic dynamism.

Instead of implementing policies proven by overwhelming economic consensus to reduce housing quality, stifle supply, create constitutional challenges, and foster adversarial relationships, I implore you to focus on real solutions: streamline zoning and permitting to encourage new construction of all housing types, reduce regulatory burdens that inflate costs, and provide targeted financial assistance directly to tenants who are struggling. Address the core issue of wages versus cost of living.

LD 1534 is a misguided approach based on failed ideas that will inflict significant harm on small housing providers, degrade rental housing quality and availability, raise serious constitutional issues, and ultimately fail to solve Maine's housing challenges. I strongly urge you to vote "**Ought Not To Pass**" on LD 1534.

Thank you for your time and consideration.

Sincerely,

Justin Giroux

Fairfield, Maine