

Oppose 1534

To: Members of the Housing and Economic Development Committee

My name is Scott Lawliss. I am a resident of Mt. Desert and I own 61 apartment units spread between Bangor, Brewer and Winterport. I am also the president of the Greater Bangor Apartment Owners and Managers Association (GBAOMA). I have been in this business since 2012 and this is my third year serving as the President of GBAOMA.

GBAOMA is an organization dedicated to helping our members be better landlords through access to resources, education, networking and representation. We have nearly 600 family memberships; our members own many thousands of apartment units and we provide safe and affordable housing to many thousands of tenants.

LD1534 is a poorly conceived bill that will not create more affordable housing which I assume is its intent. It will do the opposite. This bill will be particularly hard on Maine's small "mom & pop" landlord who are GBAOMA's typical members. For the landlord unlucky enough to own units in municipalities that would use this proposed law to adopt rent control and eliminate the no cause eviction the consequences would be devastating.

Rent Control (or Stabilization)

Rents have gone up a lot in the inflationary economy that has been created by extreme Covid justified spending. That said, the profitability of the business has not. Every aspect of running an apartment building has increased dramatically in the last 5 years. Property taxes, heating energy, electricity, insurance, financing, and the cost of the labor and materials necessary to maintain the buildings have all increased dramatically. Unfortunately rents have risen to compensate for these increases.

Rent Control is an old idea that has failed and subsequently been repealed many times in this country. For municipalities that use this law to implement rent control the results will predictably not be what the proponents hope. The amount and quality of housing will decrease. Development of new housing and investment in older housing will slow dramatically. Small landlords who work hard and invest in their community will be devastated. Responsible tenants will have a very hard time finding safe and affordable housing. Quality of life for everyone will be negatively affected. This is what has always happened before when rent control is implemented.

Historically, buying an apartment building has been a great investment for people who have the energy and skill necessary maintain the building and keep it full of tenants. It may not be sexy and it's a lot of work but returns should be predictable and your equity should be safe. This is a great thing. Landlords are investing in their communities and they provide a very important service. Laws like LD1534 will undermine this. The value of the buildings will be capped and investment in improvements will be disincentivized. The predictable outcome is that our aging housing stock will erode, existing units will come off the market out of disrepair and new development will cease.

I also fear that this law may be particularly hard on Bangor. I would anticipate that the Bangor City Council would probably adopt these provisions and the neighboring towns may not. Investors interested in this business will avoid Bangor in favor of the other towns where they are appreciated. This will erode Bangor's property values and tax base. Tenants interested in safer, more modern apartments will choose not to live in Bangor.

Eviction Law Change

Allowing municipalities to create their own eviction laws will also create many unintended consequences. Evicting tenants is already very hard. It takes months and is very expensive. Because of this Landlords can't afford to take evictions lightly. When we do choose to evict we do so for very good reasons. Bad tenants can cost landlords tremendous amounts of time and money and the tenants we evict are usually bad neighbors. Fellow tenants are typically very happy to see them go.

Recently I've heard the argument a lot that every eviction creates homelessness and that evicted people will never be able to find housing. I strongly disagree with this. Because evictions take so long people typically have a plan in place and a place to go. People are resourceful. I do hope that when people are evicted that they learn a lesson. I have rented to people with felony convictions, with bankruptcies and with evictions in their past. I do so when they are up front about their past and they convince me that it won't happen again. I've had very good luck with these tenants. With more onerous eviction laws I'll be far less inclined to take chances on people.

The good news here is that the housing situation seems to be stabilizing. From my own personal experience as well as what I'm hearing from GBAOMA's membership, rent seems to be stabilizing. Additionally the shortage of units may be mitigating. Each market is different, but for tenants looking in Bangor there seems to be more, and better, options than there has been for the past few years. I feel that if left alone, the market fueled by individual investments, will create more housing and the market will come into balance.

Thank you for considering my testimony.

Best Regards, Scott Lawliss