

PRESS RELEASE

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Analysis of Proposed Rent Control Ordinance in Asbury Park *By: Asbury Park Property Owners Coalition*

Asbury Park has made the prescient judgment over the years on many occasions to avoid rent control. With strong economic growth and a focus on new, some of the existing residents feel threatened. Tenant advocates have mistakenly attempted to equate rent control with protecting from gentrification and assuring affordability, but facts, history and academic studies always conclude that just the opposite happens.

There is no quantitative economic or academic study that shows rent control secures affordable housing for those who need it. Worse, the proposed ordinance is incredibly poorly conceived and drafted, clearly an unsophisticated law that is unworkable and inconsistent with its own motivations. The beneficiaries of this law will be new residents to Asbury Park who will gain the benefit of a discounted rent despite the fact that landlords will not select tenants who are truly in need of a discount, because those tenants will not qualify to the income standards for the housing.

While there was never a study to conclusively determine annual rent increase, it is thought that typical existing market rate tenant rent increases rarely meaningfully exceed those proposed in the Ordinance. When long-term tenancies vacate apartments, apartments are often substantially renovated and new tenants negotiate rents for those apartments. Without the prospect of rent increases to cover the cost of improvements, these units will be rented as-is,

reducing the choices of incoming renters to only have brand new ground-up construction or aged apartments to choose from.

With an eviction moratorium and other emergency measures related to COVID-19 currently in place, no one should be making any long-term housing policy issues as they are not currently needed and Due to COVID-19 and the current economic state of the housing market, it is unlikely that there will be rent pressures for some time. This is exactly the wrong time to consider an ordinance like this. Plus, the referendum platform denies a place for dialogue with elected officials and other stakeholders, which is poor public policy.

A) Rent Control Will Not Benefit Asbury Park

(1) Transfer of Tax Burden to Single Family Homeowners. Study after study has demonstrated that the proven effect of rent control laws is to transfer property tax burdens from multi-family to single-family homeowners.

(2) Rent Controls Forces Out Low-Income Earners. Rent control is consumer protection legislation, not a source of affordable housing. Rent control is proven to shut out people in need of subsidies and instead deliver benefits to higher earning households.

(3) Unintended Consequences that Reduce Affordable Housing Supply. Even though condo units are covered under the proposed Ordinance, it still encourages conversion to condominium and new construction of condominiums, effectively reducing the supply for affordable rentals.

B) The Proposed Ordinance is Awful

(1) Irresponsible Administration. The Ordinance bridges into the operations of the Code Enforcement Department as a means of punishing property owners for issues that are already separately and adequately regulated. This only adds cost and delays to Departments that are running on threadbare budgets; and it adds an entirely new governmental department whose staffing and legal fees will be at least \$200,000 per year.

(2) Improperly Denies Exemptions Under State Law. New construction developers who did not file exemptions from rent control, guaranteed under state law, have no ability to secure their exempt status, as there was no rent control when they built their buildings.

(3) Lack of Fairness. That current annual increases do not permit energy, insurance, and other operating expense pass throughs, resulting in an effective property taking and a multi-family property tax appeal spiral.

(4) Hurts the Housing Stock. The lack of vacancy decontrol will prevent needed improvements to the City's aging housing stock. It forces all tenants to accept compromised reinvestment and maintenance when there has not even been a market study to determine how many tenants have rent insecurity.

(5) Includes Single Family Houses and Condos. Homeowners and small property owners will see the value of their properties devalued and will be forced to operate in a regulated environment that they do not have the wherewithal or expertise to address.

(6) Irrelevant Protection. Rent increases are pegged at CPI but most annual increases on existing market rate housing is less than that and for unconscionable rent increases there are already existing tenant protections and legal aid resources to challenge landlords.

(7) Privacy Invasion. Not only are tenant identities available for public review, minority investors in properties in which they have no management control must make their personal information publicly available. There is no reason for minority investor disclosure except to enable harassment, and it exposes everyone to illegal scrutiny and identity theft.

(8) Subjective Enforcement. The rent leveling board is to be composed of 4 tenants and 3 landlords. With no business owners, no homeowners and a majority aligned to support itself to the detriment of others, how could anyone accept that composition to result in fairness?

(9) An Ordinance about Political Power, Not Housing Fairness. The proponents of this Ordinance have political aspirations that they are hoping to achieve through creating a power base among tenants. But their legislation is so poorly crafted, not only does it reveal their true motivations, it also reveals their lack of fitness to represent the general interests of the municipality, as they would compromise the stability of Asbury Park for their own political ambitions.