



February 4, 2019

Senator Shemia Fagan, Chair
Senator Fred Girod, Vice Chair
Senate Committee on Housing

Dear Chair Fagan, Vice Chair Girod and Members of the Committee:

REACH Community Development is a 37-year-old non-profit with a mission to create quality, affordable housing for individuals, families and communities to thrive. Today, REACH owns or manages over 2,300 rental apartment homes and houses. The average income among all REACH residents is equal to 30% of median family income, reflecting that rents at all REACH properties are set below market rates.

REACH supports SB 608 to promote housing stability throughout the state. While, a majority of REACH housing rents are regulated by state and federal rules, some of our apartments are unregulated and would be subject to the proposed regulations under SB 608. Based on our experience, we do not foresee it will constrain rental property owners in most circumstances. A rent cap of 10% per year is enough to ensure that landlords will be able to increase rents at a reasonable rate. During periods of rapidly rising rents, this law does provide a modest level of protection and certainty for existing tenants. It is also reasonable to expect that landlords would pay at least one month rent to tenants who are evicted for no cause of their own.

REACH believes this bill constructively addresses the legitimate community concerns about rent increases (well over 10%) that sometimes occur when an existing apartment building is sold to a new owner. Typically, when an older building is sold, the new owner frequently must finance large scale renovations and currently has the option to pay for these renovations via large rent increases on existing tenants. This trend has resulted in the displacement of existing tenants and communities. SB 608 creates a different paradigm, where owners who opt not to build a reserve for long-term renovations may have to accept a lower price when they sell a deteriorating building, as new owners will be required to compensate evicted tenants or limit rent increases. REACH believes this is a fair outcome and will support rent stability for individuals and families.

Thank you for your leadership and for your courage in confronting challenges facing our communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Valliere", written over a light blue horizontal line.

Dan Valliere, CEO