



The current housing crisis is an issue created by inflation and lack of supply, and once in a generation job growth. While our state welcomes Netflix, Facebook, Amazon and the expansion of Intel, these new jobs, bring new people, who need new housing.

Affordable housing is a real issue. The solution isn't rent control. The solution is more inventory. More supply will keep rents lower.



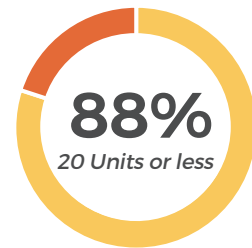
INFLATION IN HISTORY

The last time we saw inflation numbers like those we are seeing currently was from 1972 to 1975 when inflation increased 32%.

Today, the COVID-19 pandemic created supply chain issues and stimulus funds that have made new construction 30% more expensive.

MULTI-FAMILY HOUSING FACTS

- The average Albuquerque Metro apartment was built in 1972 and is 50 years old.
- 88% of apartment buildings in the metro are small (20 units or less), which is 5,206 buildings out of the total 5,910 apartment buildings.
- Many of the apartment complex owners are your neighbors, not large out of state entities.



THE OUTCOMES OF RENT CONTROL:

- Will damage local landlords most, as most units are small and have small owners (*who own less than a dozen units*)
- Will stop new development the moment we need it the most
- Will freeze owners' income when their expenses are undergoing the worst inflation since the 1970s
- Will stop owners' ability to renovate units or bring them into this century
- We will see more units move to owner occupancy
- Ripple effect will kill local construction jobs (*our economy needs more*)
- Will kill economic development - if there is no place to live, there is no place to add jobs



Unlike the last housing shortages, Albuquerque now has a perfect foundation to address this need:

- Fabulous IDO zoning that encourages redevelopment and new development
- An abundance of capital and financing (*that will disappear if rent control is passed*)
- A vibrant community of for-profit and non-profit developers



SOLUTIONS WILL ONLY COME FROM INCREASING SUPPLY - CONSIDER

- Speed up plan checks, building inspections and approvals
- Short term moratorium on the portion of GRT that goes to the State of NM (*or all*)
- Creating incentives for more developers to enter the market
- Creating incentives to offset the cost of moving from wood to steel construction and encouraging taller buildings in appropriate areas like downtown and uptown
- Working with local building codes and fire regulations to streamline the conversion of office and retail into residential
- Incentivize CNM to create more 2-year certificate programs for labor workers

There are dozens of programs already available for people who need rent assistance. Short-term, consider funding 1-800-RENT-HELP – post COVID pandemic – to provide more relief.



St. Paul Regrets Rent Control

Rent control is among the dumbest policies known to man, but cities keep trying it. St. Paul, Minn., is the latest to discover this universal truth, though not before significant damage was done.

Voters passed a ballot measure last November imposing a 3% cap on annual rent increases. The result was that builders shunned the city, and the City Council has responded by voting late last month to create new exceptions to the cap.

Effective Jan. 1, there will be a 20-year rent-control exemption for new residential properties and some apartments that participate in government affordable-housing programs. After a tenant leaves or is evicted with just cause, landlords will be able to raise rent by 8% plus inflation.

Property owners can also apply to St. Paul for an exemption to the 3% rent cap if their property taxes go up or if there are "unavoidable increases" in maintenance and operating costs, including increases owing to inflation. But the City Council also restricted landlords from passing along new utility charges to tenants as a way to offset the rent caps.

Score half a point for the persuasive power of economic reality. The City Council noted in its reform bill that, "according to data from the Department of Housing and Urban Development, there have been only two hundred (200) residential building permits in Saint Paul through April of 2022, compared to 1,391 at the same point in 2021." Imagine that.

Mercatus Center senior research fellow Salim Furth has also found that multifamily permitting surged in Minneapolis after its twin city passed rent control. Developers have a choice of where to build, and St. Paul gave them little incentive to invest there.

The City Council's reforms treat the old rent-control ordinance as merely too much of an acceptable policy. But rent control is destructive because it reduces the supply of housing, especially for low-income households. The city's reforms are a wink at this economic reality, but repeal would have been better.

JOIN US IN THIS IMPORTANT FIGHT.

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